



Form ADV Part 2A: FIRM BROCHURE

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This brochure (“Brochure”) provides information about the qualifications and business practices of Keystone Capital Management, LP (“Keystone” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (312) 219-7900 or compliance@keystonecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

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

Item 2 – Material Changes

Since Keystone’s last annual filing of its Brochure on March 31, 2023, the Firm has closed on a new investment fund, Keystone Capital Fund III, LP and its parallel fund, Keystone Capital Fund III-A, LP. Also contemporaneous with this filing, Katie Perry is assuming the role of Chief Compliance Officer.

Keystone routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry best practices and Firm practices. In this year’s filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of February 12, 2024;
- Item 5: updated to reflect fund expenses in connection with the new fund; and
- Item 8: updated to reflect additional risk factors and potential conflicts of interest in connection with the new fund.

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Item 4 – Advisory Business

Firm Description

Founded as predecessor entity Keystone Capital Inc. in 1994, Keystone Capital Management, LP is a Chicago-based private equity firm that invests in lower middle market companies with a primary focus on partnering with privately held businesses with between approximately \$5 million and \$20 million in EBITDA and operating in markets that Keystone believes offer compelling organic and inorganic growth and diversification potential. Keystone Capital Management, LP (the registrant, “Keystone”) was formed in 2020.

Keystone serves as the investment adviser for the following private funds: Keystone Capital Fund II, LP and Keystone Capital Fund II-A, LP (together, “Fund II”); and Keystone Capital Fund III, LP and Keystone Capital Fund III-A, LP (together, “Fund III” and collectively with Fund II, the “Funds”). Keystone also acts as the investment manager to several pre-fund investments (the “Pre-Fund Investments”) which are comprised primarily of proprietary capital vehicles and are not clients of Keystone (and not generally included in this Brochure unless specifically noted). In addition, in certain circumstances, as more fully described in Item 7 below, the Firm permits certain limited partners and third parties to co-invest alongside a Fund directly in a portfolio company. Such direct co-investments are not managed by Keystone and are not considered Funds or clients of Keystone.

Each Fund is affiliated with a general partner (“General Partner”) with authority to make investment decisions on behalf of the Funds. The General Partners are deemed registered under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (“Advisers Act”), pursuant to Keystone’s registration in accordance with SEC guidance. The applicable General Partner of each Fund retains investment discretion and limited partners in the Funds do not participate in the control or management of the Funds. While the General Partners maintain ultimate authority over the Funds, Keystone has been designated the role of investment adviser. For more information about the Funds and General Partners, please see Keystone’s Form ADV Part 1, Schedule D, Section 7.A. and Section 7.B.(1)

Keystone provides investment advisory services as a private equity fund manager to its Funds. The Funds invest through privately negotiated transactions in operating companies, generally referred to as “portfolio companies”, in the target sectors (as described in more detail in Item 8, below). Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although (i) members of Keystone or representatives appointed by the Firm are expected to serve on the boards of, or otherwise act to influence control of the management of, such portfolio companies and will therefore have a significant impact on the long-term direction of the company, including the selection of management team members and (ii) in some cases, Keystone will more directly influence the day-to-day management of a portfolio company by recruiting and installing certain individuals in various leadership roles, such as chief executive officer, chief operating officer, chief financial officer or in other roles. Keystone’s investment advisory services to the Funds consist

of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions of such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances.

Keystone's investment advice and authority for each Fund is tailored to the investment objectives of that Fund; Keystone does not tailor its advisory services to the individual needs of limited partners in its Funds. The Fund investment objectives are described in and governed by, as applicable, the private placement memorandum, limited partnership agreement, subscription agreements, investment advisory agreements, side letter agreements and other governing documents of the relevant Fund (collectively, "Governing Documents") and limited partners determine the suitability of an investment in a Fund based on, among other things, the Governing Documents. The Firm does not seek or require limited partner approval regarding each investment decision.

Fund limited partners generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Limited partners in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except in certain circumstances pursuant to the terms of the applicable Governing Documents. In accordance with industry common practice, Keystone has entered into side letter or other similar agreements with certain limited partners including those who make substantial commitments of capital or were early-stage limited partners in the Funds, or for other reasons in the sole discretion of Keystone, in each case that have the effect of establishing rights under, or altering or supplementing, a Fund's Governing Documents. Examples of side letter and other similar agreements entered into include provisions whereby limited partners have expressed an interest in participating in co-investment opportunities, advisory board representation, certain fee arrangements, notification provisions, reporting requirements and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all limited partners, consistent with the Governing Documents and general market practice. Commencing in March 2025, Keystone will make required disclosure of certain side letters to all limited partners (and in certain cases, to prospective limited partners) in accordance with the new Private Fund Rule. Side letters are negotiated at the time of the relevant limited partner's capital commitment, and once invested in a Fund, limited partners generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the side letter rights granted to one or more limited partners will not in certain cases disadvantage other limited partners.

Keystone does not participate in wrap fee programs.

Principal Owners

Keystone is ultimately owned by Kent Dauten and Scott Gwilliam. For more information about the owners and executive officers of Keystone, please see Keystone's Form ADV Part 1, Schedules A and B.

Regulatory Assets Under Management

As of the February 12, 2024, Keystone managed approximately \$1,163,588,749 in regulatory assets under management, all managed on a discretionary basis.

Item 5 – Fees and Compensation

Keystone and its affiliated General Partner receive fees and compensation in exchange for advisory services provided to the Funds, including management fees, carried interest, additional compensation in connection with management services performed for the portfolio companies of the Funds and reimbursements from the Funds and/or portfolio companies for certain services (specifically, on behalf of the Operations Group, as defined below) and expenses advanced on their behalf. Differences exist from Fund to Fund, and certain Funds do not charge certain fees, compensation or expenses that other Funds charge or charge them in different amounts. The following is a general description of fees, compensation and expenses of the Funds. Limited partners should refer to the Governing Documents of the applicable Fund for a complete understanding of how Keystone is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

Management Fees

Keystone charges each Fund a management fee (the “Management Fee”), generally 2% per annum of non-affiliated limited partner commitments. Management Fees are initially charged at 2% of each non-affiliated limited partner’s committed capital for the period of time during which a Fund is making investments; thereafter, the Management Fee is equal to 2% of each non-affiliated limited partner’s invested capital with respect to investments that have not been disposed of or completely written off. The amount of Management Fees generally will not correspond with fluctuations in a Fund’s net asset value, including following the stepdown date, and will not be reduced in connection with any write downs, except in the case of investments permanently written down. Permanent write-down determinations are made in the discretion of the valuation committee in accordance with the relevant Governing Documents and the Firm’s valuation policy. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a dividend recapitalization) or partial sales of investments. In addition, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period. Where there has been a partial disposition or permanent write-down of a Fund’s investment and the fair market value of such investment following such event exceeds the total amount of such Fund’s investment contributions relating to such investment, the Governing Documents do not require Management Fees after the stepdown date to be reduced.

Assessed quarterly in advance, Management Fees are collected through a capital call, through a draw-down on the line of credit or offset against a distribution to limited partners. All Management Fees

were negotiated with the Fund's limited partners during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. Generally, limited partners participating in a subsequent closing after the initial closing of a Fund are responsible for paying the Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable. In addition, Management Fees are payable during term extensions unless otherwise notified to limited partners.

The General Partners are permitted, in their sole discretion, to reduce or waive all or a portion of the Management Fee. Fees are generally waived for Keystone employees (including employees investing through the General Partner), affiliates and their respective families investing in a Fund (although these limited partners generally pay their pro rata share of certain Fund expenses).

As per the provisions of the Governing Documents, Keystone is permitted to waive, defer, or reduce all or a portion of the Management Fee payable by a Fund in full or partial satisfaction of any obligation of Keystone and certain employees and affiliates to invest in and alongside such Fund. Certain waived portions of the Management Fee are treated by the Governing Documents as deemed capital contributions by a General Partner, which is effectively invested in the relevant Fund on the General Partner's behalf and operates to reduce the amount of capital the General Partner would otherwise be required to contribute to the Fund. Limited partner capital contributions are generally accelerated due to waived, deferred, or reduced Management Fees and/or the timing of receipt of fees subject to offsets, and Fund limited partners could thus receive less than the full benefit of such reductions or offsets.

Management Fees will generally be reduced by, as applicable: (i) the amount of fees paid by a Fund to entities or persons acting as a placement agent in connection with the offer and sale of interests in such Fund; (ii) costs incurred by Keystone in connection with the organization of a Fund that exceeds the limit as specified in such Fund's Governing Documents; (iii) Management Fee waivers; and (iv) certain supplemental fees and compensation with respect to portfolio companies, including closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors' fees and other similar fees ("supplemental fees") (whether in the form of cash, securities or otherwise). Management Fees are offset by 80% of the non-affiliated limited partners' percentage of any supplemental fees received net of any expenses incurred in connection with generating such fee (whether consummated or unconsummated). To the extent that any other fund or other entity formed by Keystone or its affiliates invests (or commits to invest) alongside a Fund in any portfolio company investment, any supplemental fees will be allocated among the Fund and such other funds and/or entities in proportion to the cost of the investment or potential investment in such portfolio company held (or proposed to be held) by each. Accordingly, any reduction of a Fund's Management Fee is limited to the extent of the Fund's proportionate ownership in such portfolio company relative to such other funds' or entities' ownership.

For clarity, the following fees or expenses do not offset Management Fees, in each case as applicable: (i) any fees or compensation received by or on behalf of the Operations Group (defined below); (ii)

reimbursements from a portfolio company; (iii) fees or expenses borne by a Fund; (iv) broken deal expenses; (v) profits interests or compensation to an affiliate that was entered into prior to such person becoming an affiliate of Keystone, regardless of when the interests, compensation or amounts crystallize or vest; or (v) any portfolio company directors' or board fees paid by a former portfolio company to a Keystone employee (or former employee) who remains on the company's board of directors following the Fund's disposition of its investment in the company.

To the extent that an offset credit would reduce a Fund's Management Fee for a given quarter below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution, a payment will be made limited partners that have not elected to waive such amount for tax or other reasons.

Portfolio Company Remuneration

Keystone generally has discretion over whether to charge portfolio company fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. The amount of such supplemental fees are paid by the Funds (directly, or indirectly by the portfolio companies) and are determined by Keystone on a transaction by transaction basis, subject to the terms set forth in each Fund's Governing Documents. In most circumstances, such compensation is not reviewed or approved by an independent third party. There can be no assurance that the amount of fees charged will be proportional to the amount of work performed on behalf of a portfolio company.

On occasion, in certain circumstances (such as a portfolio company's liquidity needs or otherwise) Keystone determines in its discretion to waive, defer or renegotiate, in whole or in part, the amount of supplemental fees received from a portfolio company. Keystone endeavors to require the payment of such fees only to the extent permitted by the earnings or cash position of the applicable portfolio company, and Keystone will defer or forego the payment of such fees if too burdensome for the portfolio company or at such time a senior credit agreement prohibits the payment of such fees. In the case of amounts deferred, such payments will generally be payable in the future, which can result in a single payment or installments of repayment amounts that are larger than if the fees had originally been paid in increments. Keystone makes such determinations on a case-by-case basis and reserves the right to take different actions (or no action) with respect to similarly-situated portfolio companies.

Carried Interest

The General Partners are entitled to be allocated carried interest ("Carried Interest") with respect to the Funds, which is generally equal to 20% of all realized profits net of all expenses subject to an 8% compounded preferred return and catch-up provisions. The Carried Interest calculation is further described in full detail in the relevant Fund's Governing Documents and more briefly in Item 6, below.

Fund Expenses

The Funds will bear all fees, costs, expenses, liabilities and obligations relating to the Fund and/or its activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as “costs”) relating or attributable to: (i) activities with respect to the origination, identification and sourcing of investment opportunities for the Funds, including attending and sponsoring industry conferences and events, trade association memberships, meeting with consultants, finders, broker-dealers, investment banks and other buy side advisors and other sourcers of investments and developing and maintaining an investment pipeline; (ii) activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, research firms, third-party diligence and deal-sourcing software, subscription and service providers, consultants and similar professionals in connection therewith and any associated closing dinners, entertainment, mementos, after-hours meals and transportation); (iii) indebtedness of, or guarantees made by, the Funds, Keystone, the General Partners or any affiliated partner on behalf of the Funds (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker, finder and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, distribution agent, trustee, record keeping, account, registered office and similar services (including any depositary appointed pursuant to the AIFMD and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof) and similar services; (vii) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (viii) developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg, other European countries and other jurisdictions that are put in place to establish required residence and/or operate the investment activities of the Funds (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith and a Fund’s share of any such costs of any such structure involving other persons managed by, or affiliated with, Keystone, the General Partners or any of their respective affiliates); (ix) legal, accounting, research, auditing,

technology, administration (including costs associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, subscriptions to any valuation databases, fairness opinions, appraisals or pricing services as well as costs related to the establishment or maintenance of such other services), consulting (including consulting and retainer fees, salary and other compensation paid to, and benefits or personnel costs provided to or on behalf of, the operations group or any of its members, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (x) reverse breakup, termination and other similar arrangements; (xi) insurance (including directors and officers liability, fidelity bond, portfolio company management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory costs, including costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xii) filing, title, transfer, survey, registration and other similar activities; (xiii) printing, communications, mailing, courier, marketing and publicity; (xiv) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with limited partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports) or other information, including costs of any third-party service providers and professionals related to the foregoing; (xv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xvi) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, limited partner reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services); (xvii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with the EU Data Protection Law, FOIA or the California Consumer Privacy Act of 2018, as amended, and any similar laws, rules and regulations); (xviii) to the extent provided in the Governing Documents or otherwise approved by Keystone in its sole discretion, activities or proceedings of the advisory board (including any reasonable out-of-pocket costs incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xix) indemnification (including legal and any other costs incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents or otherwise and advancing costs incurred by any such person in defense or settlement of any claim that is subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xx) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related

thereto and any judgment, other award or settlement entered into in connection therewith; (xxi) any annual, periodic or special meeting of the partners, any other conference, meeting or webcast or other video conference with any partner(s) and any periodic executive forum or other presentation or event, industry conference or roundtable attended by portfolio company management, members of the Operations Group and/or and other persons (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs), in each case to the extent incurred by the Funds, the General Partners or any other affiliate of the General Partners, regardless of whether all of the individuals attending or otherwise participating in any such meeting are Fund limited partners or representatives thereof; (xxii) the Management Fee; (xxiii) except as otherwise determined by Keystone in its sole discretion, any cost relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with a Fund, any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the limited partners investing in such entities and any other costs related to any structuring or restructuring of any Fund entity; (xxiv) the termination, liquidation, winding up or dissolution of a Fund and any persons owned directly or indirectly by a Fund (including portfolio companies) and related entities; (xxv) defaults by limited partners in the payment of any capital contributions; (xxvi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Funds, the parallel Fund, the General Partner, the parallel Fund general partner, the ultimate general partner, Keystone, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or parallel Fund, including the preparation, distribution and implementation thereof, provided that, with respect to amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the General Partner, the parallel Fund general partner, the ultimate general partner and Keystone, such amendments, waivers, consents or approvals relate to the affairs of a Fund, a parallel Fund or any alternative investment vehicle thereof; (xxvii) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partners or any of its affiliates incurred in connection with the operation of the Funds and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Funds, the General Partners and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to a Fund or its General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxviii) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such costs or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents; (xxix) any consultants, experts or advisors, including independent appraisers engaged in connection with the Funds considering, making,

holding or disposing of, directly or indirectly, an investment in the same entity as one or more investment vehicles (other than the Funds) managed or controlled by a General Partner or any of its affiliates; (xxx) unreimbursed costs incurred in connection with any transfer or proposed transfer contemplated by the Governing Documents or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxxi) any taxes, fees and other governmental charges levied against a Fund and/or any alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund and/or any alternative investment vehicle (except to the extent that a Fund is reimbursed therefor by a reimbursing partner) and any costs of or related to the tax representative or any corresponding "designated individual", subject to limitations provided in the Governing Documents; (xxxii) distributions to the limited partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxxiii) unreimbursed and unpaid costs of the operations group or its members, employees or other persons engaged by the operations group; (xxxiv) compliance or regulatory matters, except as otherwise set forth in the Governing Documents, including compliance with the partnership agreement and/or any side letter or similar agreement; (xxxv) amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with limited partners and "most-favored-nations" election processes in connection therewith; (xxxvi) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner, Keystone or any of their respective affiliates at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; (xxxvii) any travel (including, where appropriate as determined by Keystone, the cost of using or chartering private aircraft or other private air travel (at a cost not to exceed the cost of corresponding first class commercial airfare, other air travel), car or ride sharing services, rail and other modes of transportation, meals, lodging and entertainment) and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxviii) any of the items listed in clauses (i) - (xxxvii) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that have been offered to co-limited partners (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated); (xxxix) any organizational expenses; (xl) any placement fees; and (xli) any other costs approved by the advisory board.

Out-of-pocket expenses associated with completed transactions are expected to be billed directly to a Fund, reimbursed by a portfolio company or capitalized as part of the acquisition price of a consummated transaction. Out-of-pocket expenses associated with unconsummated transactions ("broken deal expenses") will be paid by the relevant Fund(s) selected as proposed investors in such transaction, including broken deal expenses incurred before a limited partner's admission into a Fund.

Expense Reimbursement

Certain expenses related to Keystone's oversight of portfolio companies which are incurred on behalf of the Funds are reimbursed by a portfolio company pursuant to a management services agreement

or other agreement with the specific portfolio company. These fees and expenses are often paid by Keystone when incurred and invoiced in arrears or are paid directly by a portfolio company. Such expenses can include, without limitation: (i) travel expenses, which often will include expenses for chartered or first-class travel and meals and entertainment expenses (such expenses including, as applicable, those relating to (a) use of premium black car and other car services, which from time to time include waiting time and (b) social and entertainment events, including closing dinners and mementos, with portfolio company management, customers, clients, borrowers, brokers and service providers); (ii) expenses relating to training programs, meetings, conferences or other events (to the extent such programs, meetings or events are attended by portfolio company personnel); (iii) premium meals (including outside normal business hours); (iv) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses); (v) indemnification expenses; (vi) insurance; (vii) corporate filings; (viii) certain legal expenses; (ix) similar out-of-pocket expenses; (x) consulting fees; and (xi) other consideration and expenses.

In addition, to the extent a Fund or Keystone initially bears the cost of certain fees or expenses but the benefit of the related services or expense is also received by a Pre-Fund Investment, another Fund, portfolio company or future fund or portfolio company, Keystone will determine, subject to its ultimate discretion, whether to cause such Pre-Fund Investment, other Fund or portfolio company to reimburse the initial Fund or Keystone for such fees or expenses. Reimbursement by a portfolio company of out-of-pocket expenses incurred by Keystone, the General Partner, affiliates or Operations Group members will not be offset against the Management Fee payable by the Funds.

Offering and Organizational Expenses

Each limited partner will bear its pro rata share of a Fund's organizational expenses, including legal, accounting, filing, capital raising, travel and other organizational expenses ("Organizational Expenses"). The amount and type of Organizational Expenses is further detailed in the relevant Governing Documents. Any amounts in excess of such permitted limit are offset dollar for dollar against Management Fees.

Operations Group Fees and Expenses

Keystone has formed an operations group ("Operations Group") to assist with operational or other due diligence or other pre- or post-closing initiatives with respect to Keystone, its portfolio companies or prospective portfolio companies. Comprised of persons retained and/or employed by Keystone, the Operations Group provides manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization, finance and/or other operations services, acquisition or other due diligence, or similar services to the Funds or any portfolio company or prospective portfolio company. The nature of the relationship with each Operations Group members and the amount of time devoted or required to be devoted by him or her varies. There can be no assurance that any of the Operations Group members will continue to serve in such role and/or continue their arrangement with Keystone and/or any portfolio company throughout the terms of the Funds.

Operations Group members are employees of Keystone and in connection therewith, receive salary, bonus and benefits. For certain Funds, Keystone expects to be reimbursed for projects or time spent by Operations Group members on Fund and/or portfolio company initiatives.

Over time, certain existing and former employees of Keystone (including senior personnel) transition to an Operations Group member, which would shift the burden of compensating such persons from Keystone to the Funds and/or their portfolio companies. The determination of the appropriate form and amount of compensation for such services takes into account a variety of factors but will ultimately be at the discretion of Keystone and/or the portfolio company, as applicable.

None of these fees, bonuses, profits interests, other compensation or reimbursements received by Operations Group members are offset against Management Fees.

Co-Investment Fees and Expenses

In certain circumstances, Keystone permits certain limited partners and third-party investors to co-invest in an investment alongside one or more Funds, subject to Keystone's related policies and procedures, the relevant Governing Documents and/or side letter(s) or similar arrangements. Direct co-investors bear their pro rata share of operating expenses as recorded at the portfolio company. If a co-investment vehicle is formed, such entity is expected to bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

In the event a proposed transaction is not consummated, the full amount of any fees and expenses generated in the course of evaluating such investments, including out of pocket fees associated with due diligence, attorney fees, fees of other professionals and various other fees relating to such proposed but not consummated transaction (broken deal expenses) will generally be borne by the Fund(s) selected as proposed investors for such proposed transaction and not by any prospective co-investors that were to have participated in such transaction. As a result, the Fund(s) selected as proposed investors for such proposed transaction will bear more than what would otherwise have been its share of such broken deal expenses. Conversely, co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will lower the risk of broken deal or similar expenses incurred by such Fund (and indirectly, by such Fund's limited partners) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest. However, to the extent that such co-investors have already invested in a co-investment in connection with such transaction (such as for a follow-on investment), such proposed co-investor is expected to bear its share of such broken deal expenses (which is typically recorded at the portfolio company).

Fee Receipt Allocation

From time to time, Keystone, a Fund or a portfolio company is entitled to pay all or a portion of a supplemental fee, Management Fee, Carried Interest, equity grant or other fee to a third party, such as an advisor, operating partner, operations group member, finder, placement agent, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team

are entitled to receive additional cash and equity compensation, including bonus payments or incentive equity payments based on the applicable portfolio company meeting certain success hurdles. Such compensation, whether in the form of a profits or equity interest in a portfolio company or immediate holding company, generally has a dilutive impact on a Fund's investment and indirectly reduces the proceeds available for distribution to portfolio company investors at the time of such portfolio company's exit. None of these fees or compensation allocations offset Management Fees payable by a Fund.

Allocation of Fees and Expenses

In good faith and in its fair and reasonable discretion, Keystone determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds or a portfolio company. Some expenses are incurred on an aggregate basis for the benefit of multiple Funds and/or Keystone. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, Keystone will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. The aggregate cost of such expenses are allocated in a fair and reasonable manner and in Keystone's sole discretion. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by Keystone.

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

A carried interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. As described above in Item 5, the General Partners are entitled to receive a Carried Interest allocation on certain realized profits in the Funds equal to 20% of all realized profits subject to an 8% annually compounded preferred return (or hurdle) and subject to reimbursement of all capital called to pay relevant Fund expenses, including Management Fees. Calculated based on cumulative realized gains and income only, Carried Interest is allocated to the General Partner as portfolio holdings are liquidated or otherwise monetized and is subject to a potential after-tax giveback if the General Partner has received excess cumulative distributions. Each Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the Governing Documents received by each limited partner prior to investment in such Fund.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partners are permitted to waive or reduce the amount of Carried Interest for certain Fund limited partners in its sole discretion. Specifically, if principals and employees and their respective family members are limited partners, they will generally pay reduced Carried Interest or none at all.

The fact that the General Partner's Carried Interest allocations are based on the performance of each Fund can create an incentive for Keystone to make investments that are more speculative than would be the case in the absence of such distributions or to allocate an investment to a Fund that earns a higher Carried Interest, if applicable. The Firm believes this incentive is sufficiently mitigated, however, due to the fact that: (i) the applicable Governing Documents create limitations on the ability of Keystone to establish new investment funds; (ii) the Funds are subject to certain contractual provisions requiring certain parallel Funds to purchase and sell investments contemporaneously if they share an investment through a contemporaneous initial investment; (iii) any losses a Fund sustains will reduce the General Partner's Carried Interest distribution; (iv) Carried Interest is generally calculated only after limited partners have received as distribution 100% of their capital contributions plus a preferred return; (v) a General Partner often makes a substantial commitment to a Fund to invest its own capital alongside the limited partners; and (vi) Keystone's ability to attract future limited partners is tied to the performance of its investments. Keystone generally considers performance-based compensation to better align its interests with those of its limited partners, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

Keystone manages the Funds and Pre-Fund Investments on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to Keystone's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although Keystone generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund or other investment vehicles in which Keystone or an affiliate has a greater financial interest. To the extent that Keystone manages Funds with varying Carried Interest terms (including amount, timing waterfall conditions or other terms) and/or Keystone personnel are assigned different percentages of Carried Interest from different Funds or investment vehicles, Keystone and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for a Fund from which they are entitled to receive a higher Carried Interest percentage.

To help minimize such conflicts of interest, Keystone allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with Keystone's policies and procedures regarding investment allocation and the applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by Keystone. Keystone's procedures are designed to ensure that all investment decisions are made in accordance with Keystone's fiduciary duties to its Funds and without consideration of Keystone's (or its affiliates' or employees') pecuniary interest. Keystone will not allocate investment opportunities

based in whole or in part on the relative fee structure or amount of fees paid by any or the profitability of any Fund. Investment allocation decisions are determined by the investment committee.

Item 7 – Types of Clients

Keystone provides investment advice to its Funds, which are exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (“Investment Company Act”), and the Pre-Fund Investments. The Funds limit their respective limited partners to: (i) “accredited investors” as defined in the Securities Act of 1933, and (ii) “qualified purchasers” or “knowledgeable employees,” each as defined in the Investment Company Act, or (iii) if applicable, “qualified clients,” as defined in the Advisers Act. Limited partners in the Funds must also meet certain other suitability qualifications prior to making an investment in the Funds. The Funds are not registered or required to be registered under the Investment Company Act, are not made available to the general public, their securities are not registered or required to be registered under the Securities Act of 1933 and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Keystone and/or the Funds. The Funds typically require capital commitments from each limited partner of at least \$1 million, although the relevant General Partner has, in its sole discretion, accepted lesser amounts.

The limited partners participating in the Funds include high net worth individuals, other investment entities, endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, corporations, fund of funds, limited partnerships, limited liability companies or other business entities, or other service providers retained by Keystone, and typically include, directly or indirectly, principals or other employees of Keystone and its affiliates and members of their families.

Keystone will generally pursue all appropriate investment opportunities through its Fund vehicles. However, from time to time, a portfolio company requires additional capital in order to complete a portfolio company transaction and reaches out to select limited partners and third parties for additional capital. These co-investments are not managed by Keystone, are not subject to custody by Keystone and are not deemed to be clients of Keystone. Nevertheless, Keystone will perform management, advisory and other services for the portfolio companies in which these co-investment vehicles invest alongside the Funds, generally at no additional cost to such vehicles except portfolio company fees and expenses (which such expenses are recorded at the portfolio company).

Opportunities to participate in co-investment transactions arise when Keystone has the opportunity for an investment in an existing or prospective portfolio company and Keystone determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Fund, (iii) the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund’s Governing Documents or otherwise

or (iv) Keystone believes the Fund will benefit from the participation of the co-investor(s). Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements, agreements with lenders and such other factors as Keystone will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. Keystone's exercise of discretion in allocating co-investment opportunities will not always result in proportional allocations among co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to the Fund will be less than it would otherwise have been without the inclusion of such co-investors.

Keystone will select the investors that are permitted to co-invest in a particular portfolio company in its sole discretion based on various factors, including those detailed in its Governing Documents and as outlined in its internal policies and procedures. While one or more limited partners in the Funds are on occasion invited to co-invest in a Fund's portfolio companies, Keystone is authorized in its sole discretion to offer any or all of a co-investment opportunity to investors that are not limited partners in the Funds. Co-investment opportunities are made available to select Fund limited partners and third parties, including, without limitation, management or founders of the applicable portfolio company, co-sponsors, strategic investors, lenders, investment bankers, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), service providers, sector experts, strategic advisors, other persons or entities affiliated, associated or otherwise known to Keystone or its personnel. Certain service providers, including lenders and individuals who source transactions, have in the past and are expected in the future to negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor purchases a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment; however, in certain instances, a post-closing sell-down or transfer could occur well after the Fund's initial purchase. When co-investors purchase their interest from a Fund after the Fund has consummated the investment, the price paid by co-investors is typically determined by the Fund's General Partner in its sole discretion. Where appropriate, and in Keystone's sole discretion, Keystone reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. The price may not reflect the full cost

incurred by the Fund in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the portfolio company (if applicable) or the risk borne by the Fund in connection with purchasing and warehousing the investment. The Funds will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment will acquire such interest on terms that do not reflect the then-current value of such investment. In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which a Fund is throughout the investment process.

In the event Keystone is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

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

Strategy

Market Segment Focus: Keystone believes the lower middle market (“LLM”), what it considers to be businesses generating below \$20 million of EBITDA, provides attractive opportunities for an acquisition-oriented and operationally active investment strategy.

Keystone has almost 30 years of experience (i) acquiring privately held, family or entrepreneur led LMM businesses, (ii) transitioning these businesses to institutional ownership with deeper leadership teams and more sophisticated operations and (iii) executing a long-term value creation plan combining both inorganic growth and strategic organic growth initiatives.

Within the LMM segment, Keystone balances opportunistic investing, as compelling situations frequently arise through its deep network of intermediaries, with a sector-focused investment strategy in (i) engineering and technical services, (ii) technology-enabled services, (iii) commercial services and engineered products, (iv) food and beverage and (v) high tech manufacturing. The Firm seeks to leverage its collective experience and industry relationships (including executive partners, business owners and intermediaries, among others) while applying the same value creation “playbook” that it believes has been successful over its history.

Sourcing: Keystone has developed a diverse network of intermediaries (including investment bankers, buy-side brokers, industry experts, and executives), through its almost 30-year track-record investing

in the lower middle market. Keystone takes great pride in its reputation as an acquiror of choice which has been developed and codified through its actions. Keystone believes it differentiates itself with intermediaries by being nimble, transparent, and partnership-oriented with the intermediaries themselves.

Platform Deal Screening Methodology: Keystone’s platform deal screening methodology measures a core set of fundamental investment attributes, or success factors, the Firm seeks in a new platform. The success factors seek to balance an investment’s fundamental business characteristics with attributes required to execute a successful buy and build investment strategy, Keystone’s predominate investment approach.

Transaction Structuring: Keystone’s deal structures and capitalization are typically simple, traditional majority recapitalizations financed with bank debt and Keystone equity, with a few exceptions. While Keystone has had success acquiring sponsor-owned platforms, the Firm is more often the first institutional capital investor in its platforms. As a result, Keystone typically expects key owners to reinvest a meaningful portion of their proceeds to align interests and provide comfort regarding management’s buy-in for the future.

Operational Engagement: Keystone takes an active, collaborative approach to working with portfolio company management teams to assist in the development of the business. The Firm strives to balance a structured approach to portfolio management, typically with quarterly board meetings and monthly financial packages, and an entrepreneurial attitude towards “meeting portfolio companies where they are” – meaning the cadence of engagement and structure of board and other materials are targeted to each company.

Since Keystone is usually the first institutional investor, platform investments are frequently under-invested in and operating with unsophisticated management processes. Keystone’s combination of management and operations experience and dedicated finance and operations resources, combined with the Funds’ longer-term duration, enable the Firm to act as a value-added partner helping guide its portfolio companies’ development. Additionally, Keystone believes its longer investment hold period allows the potential for equity value growth in successful buy and build investments to compound over longer time periods than would be available with a traditional fund duration.

Risk Factors

An investment in the Funds involve significant risks and other considerations and, therefore, should be undertaken only by prospective limited partners capable of evaluating and bearing such risks. Fund returns can be unpredictable and, accordingly, a Fund’s investment program is not suitable as the sole investment vehicle for a limited partner. A prospective limited partner should only invest in a Fund as part of a broader overall investment strategy, and only if the prospective limited partner is able to withstand both extended periods of illiquidity and a total loss of its investment. Prospective limited partners should carefully consider, among other factors, the matters described below, each of which

could have an adverse effect on the value of the interests. There can be no assurance that a Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program. The following list is not a complete list of all risks and other considerations involved in connection with an investment in a Fund. Prospective limited partners should make their own inquiries and investigation of the investment, and should consult their own advisors, regarding the offering of limited partner interests in the Funds, including the merits and risks involved and the legality and tax consequences of an investment in a Fund.

Investments in Private Companies. The Funds' investment portfolio is expected to consist primarily of securities and/or interests issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments are illiquid and involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war, revolutions and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist and investors should not invest unless they can readily bear the consequences of such loss.

Concentration of Investments; Lack of Diversification. The Funds will participate in a limited number of overall investments. The Funds reserve the right to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry can substantially affect its aggregate return.

Further, given the principals' experience in certain core industries and the structural requirements of operating the Funds, the Funds could potentially seek to make investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, a Fund's investment portfolio can become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of the Fund's investments, can substantially affect such Fund's aggregate return. In addition to the foregoing, because it is possible that a Fund will only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could severely affect total returns. If certain investments perform unfavorably, then in order for a Fund to achieve attractive returns, one or a few of its investments must perform very well, and there can be no assurances that this will be the case.

The Funds are also permitted to provide "bridge financing" to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, such Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under

the Fund's investment limitations set forth in the Governing Documents, certain of which exclude bridge financing investments.

Unspecified Investments. Limited partners will be relying on the ability of Keystone to locate and evaluate the investments to be made by the Funds using the proceeds of the Fund offerings. The activity of identifying, structuring, completing, and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that Keystone will be able to identify, or that a Fund will be able to complete, portfolio company investments that satisfy a Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring, and completing private equity investments is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through a Fund during the investment period based on the entire amount of the limited partners' commitments as well as other expenses as set forth in the Governing Documents.

Dynamic Investment Strategy. The Funds are not restricted in terms of the percentage of their capital that can be invested in a particular industry. While the Governing Documents contain a description of the Firm's expectations with respect to the Funds, many factors have the potential to contribute to changes in emphasis in the construction of the portfolio, including changes in market or economic conditions or regulation applicable to particular industries and changes in the political or social situations in particular countries. As a result, the Firm reserves the right to pursue additional investment strategies and modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Keystone reserves the right to pursue investments outside of the industries and sectors in which the principals have previously made investments or have internal operational experience, or opportunistically to concentrate a Fund's investments in fewer than all of the industries and sectors described in this Brochure.

Control Investments. A Fund, either alone or together with co-investors, is expected to hold controlling interests in most of the portfolio companies in which it invests. The exercise of such control by such Fund may result in additional risks of liability for violations of governmental regulations (including securities laws), failure to supervise management or other types of liability in which the general limited liability characteristics of business ownership may be ignored. If these liabilities were to arise, a Fund might suffer significant and material losses. Even when a Fund prevails in such a claim for liability, it may incur significant costs of defending against those claims. If a Fund co-invests with another Fund, a limited partner invested in such Fund may have exposure to a single portfolio company through more than one Fund, potentially multiplying such limited partner's losses.

Active Management. The Funds expect to take majority positions in portfolio companies from time to time, which may be alongside other investors, such as institutions, other pooled investment vehicles

and management. Depending upon the amount of equity owned by a Fund, any relevant contractual arrangements between such portfolio company and such Fund, and other relevant factual circumstances, such majority position could result in an extension of the ninety-day bankruptcy preference prior to one year or longer with respect to payments made to a Fund. In addition, because of its equity ownership, representation on the board of directors, and/or contractual rights, a Fund can often be thought to control, participate in the management of or influence the conduct of such portfolio companies. This can expose the assets of a Fund to claims by such portfolio company, its employees, its other security holders, its creditors, its customers or governmental agencies.

Growth Equity Transactions; Early-Stage Investments. The Funds' strategy includes targeting growth equity investments, and the Funds reserve the right to make other investments in early-stage companies. While growth equity and investments in early-stage companies offer the opportunity for significant capital gains, such investments often involve a higher degree of business and financial risk that can result in substantial or total loss. Growth equity portfolio companies can operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. In particular, the lack of an active initial public offering market can hurt valuations of such investments and discourage new investment in the early-stage company and growth equity sectors and limit portfolio company exit opportunities for the Funds. Such portfolio companies can face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Funds are authorized to invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments are expected to be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, can be ambiguous or lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, can have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. It is possible that losses on unsuccessful investments will be realized before gains on successful investments are realized. A Fund's ability to dispose of investments can be limited for several reasons. Illiquidity can result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by a Fund. Dispositions of investments can be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or

adversely affect the terms that could be obtained upon any disposition thereof. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which a Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market. Public offering, merger and acquisition and recapitalization and reorganization opportunities can be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In view of these limitations on liquidity, a Fund generally will not be able to return capital or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While an investment can be disposed of at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, it is possible there will be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to a General Partner or its designated affiliate) can exceed its income, thereby requiring that the difference be paid from a Fund's capital, including, without limitation, unfunded commitments.

Leveraged Investments; Borrowing. The Funds make use of leverage by incurring or having a portfolio company incur debt to finance a portion of their investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for higher returns and its risk of loss from a particular investment, and the magnification of the risk of loss has the potential to be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which can be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast. As a result, at times it can be difficult for portfolio companies to obtain or maintain the desired degree of leverage. The availability of leverage is also subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) can restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of leverage by a portfolio company also imposes restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and can, in certain circumstances, constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of a portfolio company will increase the exposure of a Fund's investments to any deterioration in a portfolio company's condition or its industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate or magnify any decline in the value of a Fund's investment in a leveraged portfolio company in a market downturn. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the respective Fund. In the event a portfolio company cannot generate adequate cash flow to meet its debt service, a Fund can suffer a partial or total loss of capital invested in such portfolio company, which can adversely affect the Fund's returns. Additionally, in such a situation, lenders typically have a claim that has priority over any claim by a Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the

time a Fund determines that it is desirable to sell all or a portion of a portfolio company, it is possible the Fund will not achieve an exit multiple or enterprise valuation consistent with its forecasts for such portfolio company. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal level of financial leverage, the Fund will likely hold a larger than expected equity investment in such portfolio company and realize lower than expected returns from such portfolio company, which would likely adversely affect the Fund's ability to generate attractive investment returns for the Fund as a whole. Any failure by lenders to provide previously committed financing can also expose a Fund to potential claims by sellers of prospective portfolio companies that the Fund may have contracted to purchase. Moreover, the companies in which the Funds invest are not typically rated by a credit rating agency. Except where otherwise required by the Governing Documents, the Funds will not be obligated to borrow on behalf of a portfolio company, even in circumstances where a Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

The Funds are also permitted to borrow money pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called, or guarantee indebtedness (such as a guarantee of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, a Fund may not be compensated for providing such guarantee or exposure to such liability. Any use of leverage by a Fund generally also will result in fees, interest expense and other costs to the Fund that, while not likely, can exceed, or otherwise not be covered by, distributions made to a Fund or appreciation of its investments. The Funds generally are permitted to incur leverage on a joint, several or cross-collateralized basis with other entities managed by or otherwise affiliated with Keystone or any of its affiliates (including existing Keystone Funds), including through Fund subsidiaries and other intermediate entities, and, in connection with incurring such indebtedness, Keystone is permitted, in its sole discretion, to cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Funds will disproportionately bear the risk and/or costs of leverage arrangements. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right would otherwise be unenforceable. In addition, to the extent a Fund incurs leverage or provides any guarantee, such amounts are permitted to be secured by the commitments of the Funds' limited partners and other Fund assets. The inability of a Fund to repay any leverage secured by the commitments of a Fund's limited partners could enable a lender to issue a capital call directly to such limited partners which would require such limited partners' contributions to be made directly to the applicable lenders instead of the Funds. Borrowing activity by the Funds could also generate UBTI to certain tax-exempt limited partners.

Fund-level borrowing also subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of a General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital

on an accelerated basis if a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against a Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors.

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

Use of Credit Facility. The Funds are permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. A Fund's use of such facilities will be determined by Keystone in its sole discretion, and the performance of a Fund can be impacted by how Keystone causes a Fund to utilize such facilities. Although the use of such a facility can increase a Fund's ability to swiftly invest capital, it also will cause the Fund to incur interest expense and other costs.

In addition, Fund-level borrowing can result in additional Fund expenses that will be borne by limited partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of a Fund's limited partners and the terms of the Governing Documents, it is possible that the interest rate will be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level

borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the Fund's internal rate of return calculations and as a result can be deemed to benefit the marketing efforts of Keystone and its affiliates and increases the likelihood that any hurdle or preferred return component in a Fund's Carried Interest arrangements will be met. A portfolio company infusion of funds from a subscription line, rather than from a Fund-level equity commitment, generally will not be reflected in a Fund's performance figures, and as a result has the potential to increase the amount of such figures, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's management fee calculation, such as during periods where management fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of such Fund's management fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Keystone Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither a Fund nor limited partners generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on Keystone's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on a Fund's investments, and/or financial or other covenants, that could affect the implementation of a Fund's investment strategy. In addition, in order to secure a subscription line, it is possible that Keystone will be required to request certain financial information and other documentation from limited partners to share with lenders. Keystone will have significant discretion in negotiating the terms of any subscription line and can agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Funds, resulting in a potential net benefit to a Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows Keystone to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line can cause short-term liquidity concerns for limited partners that would not arise had Keystone called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments

to other private equity funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. Keystone is authorized to use Fund-level borrowing to pay management fees and to reimburse a General Partner or an affiliate for expenses incurred on behalf of a Fund. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, a Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential Carried Interest for a General Partner as reduced by the interest incurred by the Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes Keystone to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings can be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are always repaid out of disposition proceeds).

No Market for Interests; Restrictions on Transfer; No Right of Withdrawal. Limited partner interests in the Funds are not permitted to be, directly or indirectly, transferred, sold, assigned, pledged, encumbered, mortgaged, granted a security interest in or otherwise disposed of without the prior written consent of Keystone, which is permitted to be withheld pursuant to the Governing Documents, and Keystone reserves the right to restrict the volume of transfers permitted in any calendar year in order to comply with certain safe harbors under the tax regulations promulgated under the Internal Revenue Code. Voluntary withdrawals from a Fund will not be permitted except in very limited circumstances generally involving situations where retaining an interest in a Fund would violate certain laws or regulations or otherwise have a detrimental effect on a Fund. One of the prerequisites of Keystone's consent to a transfer may be an opinion of such Fund's counsel that such a transfer would not subject the Fund or its General Partner to any regulatory or tax requirements or result in the violations or detrimental effect above mentioned. The transferor and transferee may be required to bear the cost of such legal opinion, as well as any transfer fee imposed by such Fund's administrator. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be re-sold unless they are subsequently registered under the Securities Act and any other applicable securities laws, or unless an exemption from registration is available. It is not

contemplated that registration of the interests in the Funds will ever be effected. Limited partners generally will not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of an investment in the Funds for an extended period of time.

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

Investments Longer than Term. It is possible the Funds will make investments that will not be advantageously disposed of prior to the date a Fund is dissolved, either by expiration of the Fund's term or otherwise, and the Fund's term can be extended to facilitate the dissolution of the Fund. Although Keystone generally expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, Keystone has a limited ability to extend the term of the Funds, and it is possible a Fund will have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. To the extent that such investments are held in trust, the trust can incur operating and formation expenses. There can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to the limited partners will occur.

Reliance on the General Partners and Portfolio Company Management. Control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting Fund investments, will be vested with Keystone. Consequently, the Funds' future profitability and investment performance depends largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, subject to the provisions in the Governing Documents, the principals currently manage the Funds and the Pre-Fund Investments and are expected in the future to manage or advise other investments, investment products and/or investment funds and the principals expect that they will need to devote substantial amounts of their time and attention to the investment activities of such other investments, investment products and/or funds, which is expected to pose potential conflicts of interest in the allocation of the time of the principals. Limited partners generally have no right or power to take part in the management of the Funds. In addition, certain changes in Keystone or circumstances relating to Keystone or the principals can have an adverse effect on the Funds or one or more of their portfolio companies (including acceleration of potential debt facilities). The composition of the professionals

making up particular investment teams may change over time, and certain of the professionals included in such teams may leave such team or Keystone during the life of the Funds.

Although Keystone will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Fund's objectives. It is generally expected that portfolio companies will need to attract, retain and develop executives and members of their management teams. Keystone expects that the market for executive talent is likely to be extremely competitive. There can be no assurance that the management team of a portfolio company in place on the date of a Fund's investment in such portfolio company will remain the same or continue to be affiliated with such portfolio company throughout the period in which such portfolio company is held by a Fund. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, it is possible the Funds will be adversely affected thereby.

Operation in Highly Competitive Markets. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include a broad spectrum of sources of capital, including other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, publicly-traded special purpose acquisition companies ("SPACs") and other private equity funds, investing directly or through affiliates. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of the Funds' competitors for investment opportunities may have significantly more relevant experience, greater financial resources, a greater willingness to take on risk and/or more personnel than the Firm, the Funds and their respective affiliates and/or access to capital that may be committed for longer periods of time or may have different return thresholds than the Funds, and thus these competitors may have certain advantages not shared by the Funds, including synergies with other assets or portfolio companies. In addition, competitors may have incurred, or may in the future incur, leverage to finance their investments at levels or on terms more favorable than those available to the Funds and/or may have longer operating histories, greater financial resources and lower costs of capital than the Funds, and consequently, may be able to compete more effectively. Keystone expects that competition for appropriate investment opportunities will increase, which could also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms or pricing upon which portfolio investments can be made. The Funds may not always be able to compete successfully with their competitors and competitive pressures or other factors may also result in significant price competition, particularly

during industry downturns, which could have a material adverse effect on their business, prospects, financial condition, results of operations and cash flows.

To the extent that the Funds encounter significant competition for investments, returns to limited partners may decrease. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified and consummated.

Projections. In certain situations, the Funds expect to use financial projections to help analyze potential investments, future capital raises and financing for portfolio companies or other transactions. Projected operating results of a portfolio company in which the Funds invest normally will be based primarily on financial projections prepared by such portfolio company's management team, with adjustments to such projections made by Keystone in its discretion. In all cases, projections are only estimates of future results that are based upon information received from a portfolio company and third parties and assumptions made at the time the projections are developed. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. There can be no assurance that the results set forth in any projections will be attained, and actual results can differ significantly from projections. General economic factors, which are not predictable, can also have a material effect on the reliability of projections.

Risks in Effecting Operating Improvements. A key element of a Fund's investment strategy depends, in part, on the ability to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. Executing operational improvements may divert the attention of a portfolio company's key personnel and disrupt normal business operations of such company. There can be no assurance that the Funds will be able to successfully identify and implement such restructuring programs and improvements.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions. Before making investments, Keystone will conduct such due diligence as it deems reasonable and appropriate based on the known facts and circumstances applicable to each potential investment. Due diligence entails evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties are expected, from time to time, to be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and Keystone generally will rely on the advice received from such third parties. Such involvement of third-party advisors or consultants presents a number of risks primarily relating to Keystone's reduced control of the functions that are outsourced. In addition, if the Firm is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. Investment analyses and decisions by Keystone will often be undertaken on an expedited basis in order for a Fund to compete for investment opportunities and/or consummate investments. In such cases, the information available to Keystone at the time of an investment decision can be limited, and

Keystone will not necessarily have access to the detailed information necessary for a full evaluation of an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not necessarily reveal or highlight all relevant facts necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

Possibility of Fraud or Other Misconduct of Employees and Service Providers. Misconduct by (i) Keystone's employees, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Funds and/or the General Partners and cause significant losses to the Funds. Misconduct could include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by a Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities have the potential to result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. Keystone has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. Certain media, regulatory and political discourse has been and continues to be focused on enhancing governmental scrutiny and/or increasing regulation of the private equity industry. In particular, the SEC has increased emphasis on investment adviser and private fund regulation and has both adopted and proposed a number of new rules that impose significant changes on private fund advisers and their management of private funds. Such changes are expected to materially impact Keystone, the Funds and/or the investments, as well as increasing their expenses. Significant time and resources are expected to be required to comply with new regulations. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategy or achieve their investment objectives.

In perhaps the most sweeping of rulemaking changes, on August 23, 2023, the SEC adopted new rules and amendments (collectively, the "Private Fund Rule") to existing rules under the Advisers Act specifically related to advisers to private funds. In particular, the Private Fund Rule (i) requires quarterly reporting by registered private fund advisers to limited partners concerning performance, fees and expenses; (ii) requires registered investment advisers to obtain an annual audit for private funds; (iii) requires registered investment advisers to obtain a fairness opinion or a valuation opinion and make certain disclosures in connection with adviser-led secondary transactions; (iv) imposes limitations and new disclosure requirements regarding preferential treatment of limited partners in private funds in side letters or other arrangements with the adviser; and (v) prohibits advisers to private

funds from taking certain actions without providing disclosures to limited partners and, in some cases, without obtaining limited partner consent. The Private Fund Rule is expected to have a significant effect on Keystone, the Funds and their operations, including increased compliance burdens and associated regulatory costs, increased limited partner reporting and disclosures to limited partners, enhanced risk of regulatory action and additional regulatory uncertainty. Significant time and resources are expected to be required to comply with the Private Fund Rule, which potentially will detract from the time and resources dedicated to the Funds.

In addition, in recent years, the Antitrust Division of the Department of Justice and the Federal Trade Commission have been more aggressive in evaluating potential anti-competition concerns with respect to certain strategies of private equity sponsors, including “roll-up” strategies where a sponsor ultimately acquires a significant share of an industry through a series of smaller transactions. Such regulatory focus (including enforcement activity) could result in additional costs in connection with acquisitions and dispositions and other adverse impacts to a Fund’s investments.

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

Additional Capital. Certain of the Funds’ portfolio companies, especially those in a development phase, are expected to require additional financing to satisfy their working capital requirements or business development strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided to a portfolio company are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including the Funds. The Funds reserve the right to make additional investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such company in order to preserve the Funds’ proportionate ownership when a subsequent financing is planned, or to protect the Funds’ investment when such portfolio company’s performance does not meet expectations. To the extent a portfolio company in which a Fund has invested receives additional funding in subsequent financings and a Fund does not participate in such additional financing rounds, the interests of such Fund in such portfolio company would be diluted. The availability of capital is

generally a function of market conditions that are beyond the control of the Funds or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Syndication. To facilitate the acquisition of a portfolio company, a Fund is permitted to make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition, which generally will have been funded through limited partner capital contributions and/or the use of a Fund credit facility. In such event, the Fund will bear the risk that any or all of the excess portion of such investment will not be sold or will only be sold on unattractive terms and that, as a consequence, the Fund will bear the entire portion of any breakup fee or topping or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or realize lower than expected returns from such investment. To that extent the Funds make use of credit facilities to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

Significant Adverse Consequences for Default. The Governing Documents provide for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, while unlikely, a defaulting limited partner could be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest paid over a period of up to ten years, without interest. Whether and how to exercise a Fund's remedies against a defaulting limited partner will be determined by Keystone in its sole discretion, and the Firm reserves the right to require the non-defaulting limited partners to contribute capital to make up for the shortfall created by such defaulting limited partner.

If a limited partner fails to pay when due installments of its commitment to a Fund, and the contributions made by non-defaulting limited partners and borrowings by the Fund are inadequate to cover the defaulted amount, the Fund will likely be unable to pay its obligations when due. As a result, a Fund would in such circumstance be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners).

Impacts of Excuse or Exclusion. A limited partner's participation in a Fund's investments can be limited by virtue of Keystone's right to exclude a limited partner from, or a limited partner's right to be excused from, participating in certain of the Fund's investments as set forth in the Governing Documents, thereby increasing the participation of other limited partners. As a consequence of one or more limited partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating limited partners could be adversely affected in a material manner by the unfavorable performance of even one investment by a Fund. Conversely, the aggregate returns by an excused or excluded limited partner has the potential to be adversely affected in a material manner by the favorable performance of an investment from which such limited partner was excused or excluded, or by the fact that the capital contributions made by

such excused or excluded limited partner in the aggregate are proportionately less than the capital contributions made by limited partners that participated in all Fund investments.

Recycling; Reinvestment. Keystone generally has the right to recall certain capital returned or distributed to the partners. Accordingly, during the term of a Fund, it is possible a partner will be required to make capital contributions in excess of its commitment (with certain limitations as provided in the Governing Documents), and to the extent such recalled or retained amounts are reinvested in investments, a partner will remain subject to investment and other risks associated with such investments.

Fees and Expenses. The Funds will pay and bear all expenses related to their operations, including Management Fees and the costs of acquiring, holding, monitoring, maintaining and disposing of portfolio companies, including investment banking fees and consulting fees, whether or not a Fund makes any profits. While it is difficult to predict the future expenses of the Funds, such expenses can be substantial and while not likely, could surpass a Fund's operating income. The amount of these Fund expenses will reduce the actual returns realized by limited partners on their investment in the Funds (and in certain circumstances reduce the amount of capital available to be deployed by a Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it can be hard to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time can exceed expectations.

Control Person Liability. The Funds are expected to have controlling interests in a number of their portfolio companies. The exercise of control over a portfolio company imposes additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws and regulations) and other types of liability, for which the limited liability generally afforded to investors can be ignored. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, a Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, a Fund would likely suffer significant losses. While Keystone intends to manage the Funds in a manner that will minimize the exposure of these risks, the possibility of successful claims against a Fund and/or their affiliates cannot be precluded.

Minority Investments. The Funds reserve the right to invest in minority positions of portfolio companies alongside other private equity funds and other third parties and in companies over which the Funds have no right to exert significant influence. In addition, during the process of exiting investments, a Fund at times is permitted to hold minority equity stakes of any size such as might occur if portfolio companies are taken public. In such cases, the Funds will significantly rely on the existing management teams and boards of directors of such companies, which may include representatives of other investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. Where a Fund holds a minority stake, it may be more difficult for such Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund

has contractual rights to seek liquidity of such Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

In addition, there can be no assurance that, if a Fund completes a minority transaction, that there will be any minority rights granted to such Fund or that such rights will provide sufficient protection of the Fund's interests. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, it is possible that the relevant portfolio companies will be controlled or influenced by persons and/or entities who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. It is possible such third parties will be in a position to take action contrary to a Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, the Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Director Liability. Keystone expects that the Funds will seek to obtain the right to appoint one or more representatives to the boards of directors (or similar governing bodies) of most of the companies in which they invest (each, a "Board Representative"). In those instances where a Fund is not the sole shareholder of the applicable portfolio company, it is possible a Board Representative will have duties to persons other than a Fund and such portfolio company. Serving on the board of directors (or similar governing body) of a portfolio company will expose the Board Representative, and ultimately the Fund, to potential liability. It is possible that not all portfolio companies will be able to obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain can be insufficient to adequately protect officers and directors against such liability. In addition, involvement in any litigation related to such liability can be time consuming and divert the attention of such persons from a Fund's investment activities. Co-investors and/or co-investment vehicles can indirectly benefit from the Firm's appointment of such directors, although co-investors (including their respective co-investment vehicle, even if managed by Keystone) will not typically bear the cost of liability insurance related to such appointment to the extent additional liability insurance is purchased by a Fund.

Standard of Care; Indemnification. The Governing Documents contain provisions that, subject to applicable law, (i) reduce, modify and/or eliminate duties that Keystone and its affiliates would otherwise owe to the Funds and the limited partners, (ii) waive duties or consent to the conduct of the Firm that might not otherwise be permitted pursuant to such duties; and (iii) limit the remedies of a limited partner with respect to breaches of such duties. In addition, pursuant to the Governing Documents, the principals, Keystone and certain of their employees and affiliates will be indemnified and held harmless from claims, losses, liabilities, damages, costs or expenses to which any of the foregoing directly or indirectly become subject in connection with the Funds' activities (including

matters that may involve one or more potential or actual conflicts of interest), subject to certain exceptions set forth in the Governing Documents, and are generally entitled to receive advances for any fees, costs and expenses incurred in the defense or settlement of any claim that may be subject to a right of indemnification. The application of the foregoing standards will result in limited partners having a more limited right of action in certain cases than they would in the absence of such standards. As a result, the Funds can bear significant financial losses even where such losses were caused by the negligence of the Firm and certain of its affiliates. Such losses can have an adverse effect on the Funds' returns to the limited partners. For the avoidance of doubt, and notwithstanding any provision of the Governing Documents, nothing in the Governing Documents shall constitute a waiver of any person's non-waivable federal fiduciary duties to the Funds under the Advisers Act. Any fees, costs, expenses (whether or not advanced) and other liabilities resulting from the Funds' indemnification obligations generally will be paid by or otherwise satisfied out of the assets of the Funds (including the aggregate unfunded commitments). In addition, if the assets of the Funds are insufficient to satisfy the Funds' indemnification obligations, the Firm reserves the right to recall distributions previously made to the partners, subject to certain limitations set forth in the Governing Documents. The obligations of a limited partner to fund any indemnification will generally survive the dissolution of the Funds and could materially impact the returns to limited partners. The Firm has authority to cause the Funds to purchase insurance for the Funds, the General Partners, the Firm and their respective employees, agents and representatives, including to cover actions that would not be indemnifiable under the Governing Documents, although there can be no assurance that any such insurance will be sufficient, available to satisfy the specific claims that may arise or generally available on commercially reasonable terms.

Litigation. The transactional nature of the business of the Funds exposes the Funds, the General Partners and their respective affiliates generally to the risk of third-party litigation. In the ordinary course of its business, a Fund can be subject to litigation from time to time. Additional regulation could also increase the risks of third-party litigation. Under the Governing Documents, the Funds generally will be responsible for indemnifying the Firm and certain of its affiliates for costs they incur with respect to such litigation not covered by insurance. The outcome of such proceedings can materially adversely affect the value of the Funds and continue without resolution for long periods of time. Any litigation can consume substantial amounts of Keystone employees' time and attention, and that time and the devotion of these resources to litigation can, at times, be disproportionate to the amounts at stake in the litigation. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Tax and Distributions; Phantom Income. Due to possible differences between the allocation of gain or income for any tax purposes and distribution of cash relating to gain or income (including possible timing differences), there can be no assurance that limited partners who are subject to tax on the allocated gain or income will receive distributions sufficient to satisfy their tax liabilities fully. Further, there can be no assurance that a Fund will have sufficient cash flow to enable it to make distributions in the amount necessary for payment of all tax liability resulting from that limited partner's ownership of an interest. Accordingly, each limited partner should ensure that it has sufficient cash flow from

other sources to pay all tax liabilities resulting from such limited partner's ownership of an interest in the Funds.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence can be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence can lead to or extend a localized or global economic downturn. A climate of uncertainty can be compounded by local, regional or global health crises including but not limited to the rapid and/or pandemic spread of novel viruses (e.g., SARS, MERS, COVID-19 (Coronavirus) and/or other similar epidemics). Such health crises could exacerbate the political, social and economic risks previously mentioned, and result in significant breakdowns, delays and other disruptions to important global, local and regional supply chains, with potential corresponding results on the operating performance of affected portfolio companies. The U.S. has experienced social and political unrest and polarization recently, which has further intensified as a result of the COVID-19 related economic shutdowns and civil unrest following protests against police brutality. This environment may be exacerbated by future events, including the results of U.S. federal elections that take place during the life of a Fund. A climate of uncertainty and unrest can reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. It may also hinder the Funds and their portfolio companies and prospective portfolio companies from operating in the ordinary course of business. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn can have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This can slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty, including the uncertainty stemming from the contagion of infectious viruses and diseases, or general economic downturn can have an adverse effect upon the Funds' portfolio companies.

Public Health Emergencies; COVID-19. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have resulted in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which can result in significant losses to the Funds.

Geopolitical Risks and Force Majeure Risk. An unstable geopolitical climate and continued threats of terrorism could have a material adverse effect on general economic conditions, market conditions and market liquidity. U.S. military actions around the globe; the threat or occurrence of terrorist attacks in the future; rising oil, energy and other commodity or material prices (including those resulting from the unavailability thereof); and the United States' military, economic and political responses to terrorism all can have material consequences on the U.S. and global economies. Keystone is not able to predict the extent, severity or duration of the effect of any past or future terrorist attacks and related

events or quantify the impact that these events can have on investment objectives or the markets where an underlying Fund investment will be located. For example, the United States and governments globally have seen a rise in populist and nationalist tendencies, with political parties espousing such themes gaining strength in local and national elections. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for certain commodities and could affect certain portfolio companies' financial results. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence has the potential to increase the risk of default of particular portfolio investments, negatively impact market value, increase market volatility and cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on a Fund's returns and ability to make new investments. No assurance can be given as to the effect of these events on the value of or markets for portfolio investments.

Certain force majeure events (*i.e.*, those events beyond the control of the party claiming that the event has occurred, including acts of God, fires, floods, earthquakes, war, acts of terrorism, labor strikes, pandemics, outbreaks of infectious diseases or any other serious public health concerns) can adversely affect the ability of Keystone, its affiliates, the Funds, their portfolio companies, counterparties of the foregoing or other persons or entities to perform their respective obligations. The cost of repairing or replacing assets damaged by a force majeure event can be considerable. In addition, repeated or prolonged service interruptions resulting from a force majeure event can result in a permanent loss of customers, substantial litigation or significant penalties for regulatory or contractual non-compliance, though in some cases, agreements may be terminable if a force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. The occurrence of a force majeure event can, directly or indirectly, have a material adverse effect on a Fund and/or any of its portfolio companies.

General Economic and Market Conditions. The private equity industry generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by Keystone. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) can have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally can reduce the availability of attractive investment opportunities for the Funds and can affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) can also increase the risks inherent in the Funds' investments and can have a negative impact on the performance and/or valuation of the Funds' portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007 or the downgrading of the credit rating of the U.S. in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio

companies and investors' risk-free rate of return. Movements in foreign exchange rates can adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector can have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects can include the requirement of a Fund to pay break-up, topping, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that Keystone believes reflect the fair value of such investments. The impact of market and other economic events can also affect a Fund's ability to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure and may be magnified by the expected limited geographic diversity of a Fund's investments.

Inflation Risk. High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, historically have had negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Funds' investments and their aggregated returns. For example, if a portfolio company were unable to increase its revenue while the cost of relevant inputs were increasing, the company's profitability would likely suffer. Likewise, to the extent a portfolio company has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, the portfolio company could increase revenue by less than its expenses increase. Conversely, as inflation declines, a portfolio company may see its competitors' costs stabilize sooner or more rapidly than its own. Additionally, because the fixed internal rate of return payable to limited partners is not linked to the rate of inflation, as the rate of inflation increases the proportion of real returns (i.e., the nominal rate of return less the rate of inflation) decreases and the proportion of real returns subject to performance-based compensation increases.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Keystone, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation

(“FDIC”), in the case of banks, or the Securities Investor Protection Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Keystone to manage the Funds and their investments, and on the ability of Keystone, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of Keystone and/or the portfolio companies to make payroll, fulfill obligations and maintain operations. Although Keystone expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. In addition, in the event Keystone determines to change Financial Institutions, there is a risk that the transfer of cash or other assets, especially if done in an expedited manner, will result in a technical violation of Advisers Act Rule 206(4)-2 (the “Custody Rule”), even if performed in the Firm’s best judgment of its efforts to fulfill its obligations and maintain operations, including its ability to close transactions, make payroll or otherwise.

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

Deterioration of Credit Markets Can Affect Ability to Finance and Consummate Investments. In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, a Fund’s ability to generate attractive investment returns can be adversely affected. Moreover, to the extent that such marketplace events are not temporary and continue, they can have an adverse impact on the availability of credit to businesses generally and can lead to an overall weakening of the U.S. and global economies. Such deterioration

also can restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

Adequacy and Availability of Insurance. While the Funds are permitted to seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from certain adverse events and other risks customarily covered by insurance, such coverage may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and any insurance proceeds derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues (e.g., business interruption insurance may not provide any or adequate coverage relating to shutdowns caused by pandemic health emergencies), an increase in operating and maintenance expenses and/or a replacement or rehabilitation. The Funds may not be able to obtain insurance against certain losses of a catastrophic nature, such as those caused by wars, earthquakes, severe weather, terrorist attacks or other similar events, as such events can be either uninsurable or insurable at such high rates as to materially and adversely impact a Fund's profitability if such insurance were obtained. In addition, the availability of adequate insurance (including general partner liability and directors and officers policies) are subject to market factors and recent trends have increased both the cost of (in some cases substantially) and the difficulty of obtaining such policies, which trend may continue depending upon various market conditions.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, a Fund and/or a General Partner is expected to be required to make (and/or be responsible for another person's or entity's breach of) certain representations and warranties (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses) and can be responsible for the content of certain disclosures under applicable securities laws. A Fund and/or its General Partner can also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosures are inaccurate. These arrangements can result in contingent liabilities, which would be borne by the Funds and, ultimately, their limited partners. In such a situation, limited partners can be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Governing Documents. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each limited partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. The information and technology systems of Keystone and its portfolio companies, and the data that they hold or process and each of their respective abilities to operate may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches (e.g., "hacking", ransomware or malicious software coding), usage errors by their respective professionals, power

outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. In addition, Keystone's systems could be vulnerable to supply-chain attacks, wherein attackers target third parties providing software or services in order to introduce vulnerabilities in Keystone's network or systems. To the extent that a portfolio company, the Funds, the Firm or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses can occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. In addition, critical infrastructure, including projects and companies in which Keystone invests, can attract particular interest from cyber criminals and therefore be the subject of such infiltration and attacks. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Keystone, the Funds and/or portfolio companies can incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason can cause significant interruptions in Keystone's, the Funds' and/or a service provider's operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to limited partners (and the beneficial owners of limited partners). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks can be the subject of civil litigation or regulatory or other action. The use of internet or cloud-based programs, technologies and data storage applications generally heighten these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances can subject a portfolio company, or a Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Keystone or one of its affiliates or service providers holding its financial or limited partner data, Keystone, its affiliates or a Fund can also be at risk of loss despite efforts to prevent and mitigate such risks under the Firm's related policies and practices.

Agreements with Certain Limited Partners. Keystone and/or its affiliates reserve the right to enter into side letters (including on behalf of the Funds) with certain limited partners in the Funds providing such limited partners with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of the compensation due to Keystone, its affiliates and personnel), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Funds' advisory committees, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as

well as economic, procedural and other terms, many of which will not be subject to the “most-favored nation” provisions of the Governing Documents.

Keystone, its affiliates and personnel are likely to have their own economic and/or other business incentives to provide certain terms to certain limited partners, e.g., based on commitment amount to the Funds or the timing thereof, the ability of a limited partner to provide sourcing or other services to Keystone or the Keystone Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Keystone or the Keystone Funds. Further, side letters from time to time also are expected to relate to strategic relationships under which a limited partner agrees to make commitments to multiple Keystone Funds. Except where required by the Governing Documents and/or applicable law, other limited partners will not receive copies of side letters or related provisions, and as a general matter, the other limited partners have no recourse against a Fund, Keystone or any of their affiliates in the event that certain limited partners have received additional and/or different rights and/or terms as a result of such side letters. Side Letters subject Keystone to potential conflicts of interest, including in circumstances where a limited partner’s right to serve on the relevant Keystone Fund’s advisory committee results in the limited partner receiving additional information relative to other limited partners. To the extent a limited partner is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other limited partners may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other side letter rights are likely to confer benefits on the relevant limited partner at the expense of a Fund or of limited partners as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating limited partners or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Keystone believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by a General Partner on behalf of a Fund as a whole. A limited partner’s voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners’ voting rights generally will increase the voting rights percentage of other limited partners in a Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay

different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

Disclosure of Confidential Fund and Limited Partner Information. The limited partners include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which can in certain circumstances compel public disclosure of confidential information regarding a Fund, its investments and its limited partners. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that limited partners in private equity funds that are subject to such laws have in place with private equity funds. The Funds are permitted to incur expenses in connection with responding to any such disclosure requests, even if a Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the limited partners will have pursuant to the Governing Documents to maintain the confidentiality of Fund information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. Keystone can also in certain circumstances, in an effort to protect any such potential disclosure, to withhold all or any part of the information otherwise to be provided to such a limited partner, as more fully described in the Governing Documents. There can be no assurance that such information will not be disclosed by a Fund, Keystone, their affiliates and personnel, portfolio companies or services providers to any of them including, without limitation, to comply with laws, regulations or policies to which they are or become subject. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private equity fund advisers, such as Keystone, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of Fund information can have an adverse effect on a Fund and its limited partners, for example, by affecting a Fund’s competitive advantage in finding attractive investment opportunities.

Environmental, Social and Governance (“ESG”) Matters. Depending on the investment, the impact of developments connected with ESG factors, including worker health and safety, environmental compliance, and bribery and corruption, could have a material effect on the return and risk profile of the investment. The act of selecting and evaluating material ESG factors is subjective by nature, and Keystone may be subject to competing demands from different investors and other stakeholder groups with divergent views on ESG matters, including the role of ESG in the investment process. There is no guarantee that the criteria utilized or judgment exercised by Keystone or a third-party ESG advisor will reflect the beliefs or values, internal policies or preferred practices of any limited partner or other asset managers or reflect market trends. Conversely, anti-ESG sentiment has also gained momentum across the U.S., with several states and the U.S. Congress having proposed or enacted “anti-ESG” policies, legislation or initiatives and certain states having issued related legal guidance and advisory opinions. Additionally, asset managers have been subject to recent scrutiny related to ESG-focused industry working groups, initiatives and associations, including organizations advancing action to address climate change or climate-related risk. Such scrutiny could expose Keystone to the risk of antitrust investigations or challenges by state or federal authorities, result in reputational harm, require certain limited partners to divest or discourage certain limited partners from investing in the Funds.

There are also significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as interpretations of their scope and materiality. Considering ESG factors when evaluating an investment in certain circumstances could, to the extent material risks associated with an investment are identified, cause Keystone not to make an investment that it would have made or to make a management decision with respect to an investment differently than it would have made in the absence of such consideration, which carries the risk that a Fund could perform differently than investment funds that do not take ESG factors into account. Additionally, ESG factors are only some of the many factors that Keystone expects to consider in making an investment. Although Keystone will consider application of ESG considerations to be an opportunity to enhance or protect the performance of the Funds' investments over the long-term, Keystone cannot guarantee that doing so, which will include qualitative judgments, will positively impact the performance of any individual investment or of a Fund as a whole.

The materiality of ESG risks and impacts on an individual asset and on a portfolio as a whole depends on many factors, including the relevant industry, location, asset class and investment style. In evaluating a prospective investment's ESG practices, Keystone may depend upon information and data provided by the entity or obtained via third-party reporting or advisors, which could be incomplete or inaccurate and could cause Keystone to incorrectly identify, prioritize, assess or analyze the entity's ESG practices and/or related risks and opportunities. In addition, Keystone's ESG framework, including associated procedures and practices, is expected to change over time.

Finally, there is also growing regulatory interest, particularly in the US, UK and EU (which may be looked to as models in growth markets), in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. There could also be an increase in related enforcement through efforts such as those of the SEC's Climate and ESG Enforcement Task Force, established in March 2021. Keystone's ESG practices could become subject to additional regulation in the future, and Keystone cannot guarantee that its current approach or the Funds' investments will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect the Funds or their investments, including with respect to future administrative burdens and costs.

Weather and Climate Risks. Global climate change is widely considered to be a significant threat to the global economy. Industrial assets in particular may face risks associated with climate change, including risks related to the impact of climate-related legislation and regulation (both domestically and internationally), risks related to climate-related business trends, and risks stemming from the physical effects of climate change, such as risks posed by increasing frequency or severity of extreme weather events and rising sea levels and temperatures. The Paris Agreement, a treaty adopted at the United Nations Climate Change Conference (COP21) in Paris, France, on December 12, 2015, and other initiatives launched by international, federal, state, and regional policymakers and regulatory authorities as well as private actors seeking to reduce greenhouse gas emissions may expose industrial assets to so-called "transition risks" in addition to physical risks, such as: (i) political and policy risks (e.g.,

changing regulatory incentives and legal requirements, including with respect to greenhouse gas emissions, that could result in increased costs or changes in business operations); (ii) regulatory and litigation risk (e.g., changing legal requirements that could result in increased permitting and compliance costs, changes in business operations, or the discontinuance of certain operations, and litigation seeking monetary or injunctive relief related to impacts related to climate change); (iii) technology and market risk (e.g., declining market for products and services seen as greenhouse gas intensive or less effective than alternatives in reducing greenhouse gas emissions); and (iv) reputational risk (e.g., risks tied to changing customer or community perceptions of an asset's relative contribution to greenhouse gas emissions). The Firm cannot rule out the possibility that climate risks could result in unanticipated delays or expenses and, under certain circumstances, could prevent completion of investment activities once undertaken, any of which could have a material adverse effect on an investment or the Funds.

Potential Conflicts of Interest

Prospective limited partners should be aware that various actual and potential conflicts are expected to arise from the overall investment activities of the Funds, the General Partner, Keystone and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, prospective limited partners should be aware that Keystone, its personnel and their respective affiliates intend in the future to engage in further activities that are expected to result in additional conflicts of interest not addressed below. There can be no assurance that Keystone will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds (or any particular Keystone Fund). Keystone expects in the future to identify additional conflicts of interest that currently are not apparent to the Firm or to the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as the Firm develops new investment platforms or business lines and otherwise adapts to dynamic markets and an evolving regulatory environment.

If any matter arises that Keystone determines in its good faith judgment constitutes an actual or potential conflict of interest, Keystone reserves the right to take such actions as it believes are necessary or appropriate to ameliorate such potential conflict (and upon taking such actions, Keystone will be relieved of any responsibility for, and liability related to, such potential conflict to the fullest extent not prohibited by applicable law and shall be deemed to have satisfied its fiduciary duties related thereto to the fullest extent not prohibited by applicable law, as modified by the Governing Documents). These actions include, by way of example: (i) disposing of the security giving rise to the potential conflict of interest; (ii) appointing an independent fiduciary to act with respect to the matter giving rise to the potential conflict of interest; or (iii) consulting with an advisory board regarding the potential conflict of interest and either obtaining a waiver from the advisory board or applicable limited partners of the potential conflict of interest or acting in a manner, or pursuant to standards or

procedures, approved by the advisory board or applicable limited partners with respect to such potential conflict of interest.

In addition, prospective limited partners should note that the Governing Documents contain provisions that, subject to applicable law, (i) reduce, modify or eliminate the duties, including certain fiduciary duties under applicable state law, that Keystone would otherwise owe to the Funds and the limited partners; (ii) waive duties or consent to conduct of the General Partners that might not otherwise be permitted pursuant to such duties; and (iii) limit the remedies of a limited partner with respect to breaches of such duties. Additionally, the Governing Documents contain exculpation and indemnification provisions that, subject to the specific exceptions identified therein, provide that the General Partner, Keystone and their respective partners, members, officers, employees and affiliates will be, to the maximum extent not prohibited by applicable law, held harmless and indemnified, respectively, for matters relating to the operation of the Funds, including matters that involve one or more potential or actual conflicts of interest.

Other Keystone Funds and Products; Allocation of Investment Opportunities. Keystone currently manages a series of Pre-Fund Investments in addition to the Funds. In the future, Keystone is permitted to expand its investment management services beyond the Keystone Funds and Pre-Fund Investments, potentially including through some or all of the following: credit funds, single investor funds, managed accounts, overage funds, funds with different operational strategies, target investment sizes, target investment securities (including debt instruments), geographic focuses or expected hold periods and/or other specialized investment vehicles (collectively, “Other Products”). In some cases, these Other Products are expected to have overlapping investment strategies with one or more other Keystone Funds. No Other Products have been established as of the date hereof. There can be no assurance that all investment opportunities identified by Keystone and its affiliates will be made available to a specific fund. Additionally, Keystone reserves the right to allocate a portion of any investment opportunity to co-investors.

At such time as Keystone is permitted to raise a successor investment fund, the principals will continue to manage the Funds’ investments, but also likely will focus investment activities on other opportunities and areas unrelated to the Funds’ investments. Certain investments will be allocated between the Fund and any successor fund in a manner as set forth in the relevant Governing Documents.

Until such time as Keystone is permitted under the Governing Documents to raise a successor investment fund, the principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the most recently raised Fund for the benefit of such Fund (which includes any parallel Funds), subject to certain exceptions set forth in the Governing Documents. Over time, it is possible that certain investment opportunities suitable for one Fund will be suitable for other investment funds sponsored by Keystone. In determining which investment funds should participate in such investment opportunities, subject to the relevant Governing Documents, Keystone is subject to potential conflicts of interest among the limited partners in the

current Funds, the Pre-Fund Investment and future investment funds sponsored by Keystone. To determine which fund will participate in a relevant investment opportunity, Keystone will assess whether an investment opportunity is appropriate for each relevant fund based on the terms of such Fund's governing documents, as well as factors including: each Fund's investment restrictions and objectives (including those set forth in the relevant Fund's governing documents, where applicable), strategy, capital structure, risk profile, time horizon, investment size, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. The Funds are permitted to invest together, including with the Pre-Fund Investments, in the manner set forth in the relevant Governing Documents. Keystone will determine the allocation of investment opportunities among Funds in a manner that it believes is fair, equitable, and consistent with Keystone's obligations and will take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which a Fund will invest exceeds an amount appropriate for such Fund, such excess may also be offered to one or more potential limited partners (see below, "Potential Conflicts of Interest – Co-Investments").

Keystone's allocation of investment opportunities among the Funds often will not be proportional. Therefore, it is possible such allocations will be more advantageous to one Fund relative to other Funds. While Keystone will allocate investment opportunities in a way that it believes in good faith is fair and equitable to each Fund, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as it would be if the conflicts of interest to which Keystone is subject did not exist.

Additionally, conflicts of interest can arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund. This can result in differences in price, investment terms, leverage and associated costs between funds. There can be no assurance that the Fund(s) or investment will exit the investment at the same time or on the same terms, and there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other Fund or investment participating in the transactions. In addition, where multiple Funds invest in the same company at different times (or a Fund and the Pre-Fund Investments), the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to all Funds.

Transactions and Cross-Transactions Among Keystone Funds. To the extent permitted under the Governing Documents, a Fund reserves the right to acquire its interests in a portfolio company at the same time or at separate times and on similar or different terms than another Fund or investment, including the Pre-Fund Investments. Examples of such transactions include (i) a Fund making an investment in or

buying a security from a pre-existing portfolio company of a Pre-Fund Investment or another Fund and/or selling a security to the account of one or more Funds, (ii) one or more Funds later investing in portfolio companies in which a Pre-Fund Investment or Fund has invested and/or (iii) parallel Funds buy or sell a security from the account of one another in connection with a rebalancing, as provided for in their Governing Documents (each, a “cross-transaction”). As part of any or all of these cross-transactions, Keystone reserves the right to (a) use an unaffiliated broker-dealer or custodian to execute such cross-transaction and pay such broker-dealer or custodian in connection therewith, if applicable, or (b) execute such cross-transaction directly without the use of a broker-dealer or custodian, in which case Keystone will not receive compensation to effect such transaction. Any compensation expenses or other transaction costs associated with a cross transaction are expected to be allocated among the Funds participating in such cross-transaction pro rata based upon the expenses that relate to each, unless Keystone determines that a different allocation would be more fair or equitable. In certain circumstances, a cross-transaction will be considered to be a “principal transaction” (*i.e.*, a transaction in which Keystone acts as principal for its own account and knowingly transacts with a Fund) under the Advisers Act. To the extent that a cross-transaction is viewed as a principal transaction, Keystone will conduct such cross-transaction in accordance with the provisions of Section 206(3) of the Advisers Act.

In each case, the foregoing transactions would be expected to have an effect (either positive or negative) on the market value of a Fund’s investment. In connection with any investment in which more than one Fund participates, Keystone reserves the right to make independent decisions regarding recommendations of when each participating Fund should purchase and sell investments. As a result, there is the potential that one Fund will purchase an investment at a time when another Fund is selling the same or a similar investment, or vice versa. There can be no assurance that the return on a Fund’s investments will not be less than the returns obtained by another Funds participating in the investment.

If a Fund enters into any indebtedness or guarantee with another Fund on a joint and several basis, Keystone is expected to cause the participating Funds to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering or seeking to reinforce these agreements, Keystone expects to be subject to potential conflicts of interest between the Funds. Keystone intends to mitigate any potential conflicts by structuring such agreements in a manner intended to cause each of the Fund to bear its proportionate share of the applicable indebtedness.

Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to a Fund.

Fees and Expenses; Payments and Reimbursements. Keystone expects to be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. Keystone, in its sole discretion, will allocate fees and expenses in accordance with the Governing

Documents and in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances over time and considering such factors as it deems relevant.

Keystone expect from time to time to incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are incurred for the account or for the benefit of multiple Funds, each Fund will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made or proposed to be made by each in respect of the entity to which the expense relates or in such other manner as Keystone considers fair and equitable. Although Keystone will endeavor to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Any such determinations are expected to involve inherent matters of discretion and potential conflicts of interest. Notwithstanding the foregoing, Keystone reserves the right in the future to change or develop policies and procedures to address the allocation of expenses that differ from its current practice.

The Funds intend to make controlling investments in portfolio companies. As a result of these significant investments, the Funds are expected to have the right to appoint portfolio company board members (including current or former Keystone personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to Keystone in connection with services provided by Keystone to such portfolio company, and, except to the extent such amounts are subject to the Governing Document's offset provision, are in addition to the Management Fee or Carried Interest discussed herein. Keystone's authority to appoint or influence the appointment of portfolio company board members who are involved in approving compensation payable to Keystone subjects Keystone and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse Keystone or service providers retained at Keystone's discretion for expenses (including, without limitation, travel expenses) incurred by Keystone or such service providers in connection with the performance of services for such portfolio company. This subjects Keystone to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Governing Documents and its internal reimbursement policies and practices, Keystone determines the amount of these reimbursements for such services in its own discretion.

Employees and Service Providers. Keystone is permitted to employ personnel with pre-existing ownership interests in, current employees of, or who were employed by portfolio companies owned by the Funds or the Pre-Fund Investments; conversely, former personnel or executives of Keystone are permitted from time to time to serve in significant management roles at portfolio companies or service providers

recommended by Keystone. Similarly, Keystone and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, investment bankers, professional advisors (such as attorneys and accountants), banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, institutional investors, family offices, lenders, current and former employees and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with a limited partner) in, engage in transactions with and/or provide services (including services at reduced rates) to, Keystone and the Funds. Keystone expects to be subject to a potential conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by a Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Keystone information about markets and industries in which Keystone operates (or is contemplating operations) or will provide other services that are beneficial to Keystone or one or more Funds. Keystone expects to be subject to a potential conflict of interest in making such recommendations, in that Keystone has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies, while the products or services recommended will not always necessarily be the best available to the Funds or the portfolio companies held by the Funds.

Over the life of a Fund, Keystone generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) Keystone (or an affiliate, which can include other Keystone portfolio companies) and at rates determined or substantively influenced by Keystone; (ii) an entity with which Keystone or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) a limited partner (or a limited partner of another fund) or its affiliates. This subjects Keystone to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, Keystone has a potential incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that Keystone, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Keystone, a Fund or a Pre-Fund Investment), would favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not Keystone has a relationship with 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. The cost of any services provided by such third parties are expected to be borne directly or indirectly by the Funds or their portfolio companies, as applicable.

Employees Seconded to Portfolio Companies. In certain circumstances, current or former Keystone personnel serve in interim or part-time roles at a portfolio company or provide services to a portfolio

company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment at Keystone. Under such arrangements, Keystone and/or the relevant portfolio company typically pay all or a portion of the personnel costs of such employee or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold. There can be no guarantee that employees will return to Keystone at the end of such secondee arrangement.

Consultants, Operations Group and Senior Advisors. Keystone is permitted to employ, retain or otherwise engage, on behalf of a Fund (including any alternative investment vehicle) and/or a portfolio company, as applicable, certain persons, including operating executives, executive networks (including CEO advisors, industry advisors and functional advisors), third-party consultants, operating advisors, strategic partners, operating partners, executive partners and/or other similar professionals and consultants (“Special Consultants”), which can be affiliates of the General Partner, employees of such affiliates (including a company owned for personnel of Keystone and/or Keystone or its affiliates), employees of Keystone and/or portfolio companies, third-party consultants (including individual operations group members, consultants and external executives), “strategic partners,” “executive partners,” “Operations Group members,” or “Senior Advisors.” When engaged, the Special Consultants will provide services to, or in connection with, the Funds in relation to their activities, or to one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies (“Services”). There can be no assurance that Special Consultants will be exclusive to Keystone and in some cases will not be exclusive.

Pursuant to the Governing Documents, compensation, fees and certain expenses associated with the Services (collectively, “Consulting Fees and Expenses”) are expected to be paid and/or reimbursed by applicable portfolio companies and/or a Fund, and Consulting Fees and Expenses are not included as supplemental fees and do not offset the Management Fee. Consulting Fees and Expenses are expected to include cash fees, retainers, salaries, bonuses (whether or not based on pre-determined milestones), guaranteed payments, incentive equity, stock awards or other non-cash compensation related to the Funds and/or their portfolio companies, and benefits and personnel costs (including employee benefits, payroll taxes, insurance, paid time-off and office space), profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company, benefits and other indicia of employment, retainer fees, consulting fees, and/or other incentive based compensation to the Special Consultant. Special Consultants will also be permitted to receive office space, business cards, email addresses and other benefits and are permitted to make use of other Keystone resources, and other Special Consultants are permitted to receive such benefits from time to time. Additionally, Keystone and/or portfolio companies are expected to provide opportunities for the Special Consultants to invest in such portfolio company and reimburse costs and expenses incurred by the

Special Consultants. The Special Consultants also are expected to receive remuneration from Keystone and/or the Fund or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to the Special Consultants will not offset the Management Fee, and the use of Special Consultants is expected to fluctuate and/or expand over time. To the extent Special Consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or the Funds will bear a greater share of such compensation due to the utilization of the Special Consultants' services at a time when fewer of the Funds and their respective portfolio companies make use of such Special Consultants. The Special Consultants are expected to have a limited partnership or profit interest in a Fund or the General Partner. Although Keystone intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors can result in limited or no cost savings from such retention. In addition, Keystone intends to retain only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or would provide such services at lesser cost.

In addition, portfolio companies of a Fund are expected to pay Special Consultants to perform Services that, directly or indirectly, benefit Keystone, its affiliates and/or the Pre-Fund Investments. Consequently, under those circumstances Keystone, its affiliates and/or Pre-Fund Investments will receive Services without being charged or at rates that are lower than the rates borne by a Fund or its portfolio companies. Conversely, portfolio companies of the Funds are expected to benefit from Services that are paid for by Keystone, its affiliates and/or Pre-Fund Investments. Likewise, certain Pre-Fund Investments may pay Special Consultants (including individual Special Consultant members) to perform Services that, directly or indirectly, benefit Keystone, its affiliates, a Fund and/or portfolio companies of the Fund. There can be no assurance that a Fund or its portfolio companies will receive benefits paid for by Pre-Fund Investments that are commensurate to the benefits received by such Pre-Fund Investments that are paid for by a Fund or its portfolio companies.

Time and Attention of the Principals. The principals expect to spend a portion of their business time and attention pursuing investment opportunities on investments that do not fall within the principal objectives, strategy, scope, investment criteria and guidelines of the Funds. The principals and Keystone's investment personnel are also expected to manage and monitor investments by the Pre-Fund Investment and other future funds. Keystone believes that the investment of the principals in the Funds, as well as the principals' interest in the Carried Interest, operate to align, to some extent, the interest of the principals with the interest of the limited partners, although the principals are also expected to have economic interests in other funds and investments (including the Pre-Fund Investments), including interests in management fees and/or carried interests. At such time as Keystone is permitted to operate a successor investment fund, the principals will continue to manage the current Funds' investments, but also likely will focus investment activities on other opportunities and areas unrelated to the current Funds' investments. At such time as Keystone is permitted to

operate a successor investment fund, Keystone employees will continue to manage the Funds' investments, but also likely will focus investment activities on other opportunities and areas unrelated to the current Funds' investments. Unless restricted by the Governing Documents or Keystone's policies, Keystone personnel are permitted to serve on boards or act in other roles unaffiliated with Keystone, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles. Such companies are not portfolio companies of a Fund and, as a result, any compensation received by an employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or limited partners.

Products or Services Received by Keystone From Portfolio Companies. From time to time, certain portfolio companies are expected to provide Keystone and its affiliates with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge.

Tangible and Intangible Benefits. In connection with its services to the Funds and their investments, Keystone expects to receive the benefit of certain tangible and intangible benefits. For example, in the course of Keystone's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Keystone and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "the Keystone Information"). In many cases, Keystone Information will include tools, procedures and resources developed by Keystone to organize or systematize Keystone Information for ongoing or future use. Although Keystone expects its Funds and their portfolio companies generally to benefit from Keystone's possession of Keystone Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Keystone and its personnel) and not by the Fund or portfolio company from which Keystone Information was originally received. Keystone Information will be the sole intellectual property of Keystone and solely for the use of Keystone.

Additionally, Keystone and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in "miles" or "points" or credit in loyalty/status programs to Keystone and/or its employees, and such rewards or amounts will exclusively benefit Keystone and/or such employees and will not be subject to the offset arrangements or otherwise shared with such Fund, its limited partners, or the portfolio companies.

Co-Investments. Keystone reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons (including Special Consultants, Keystone employees and affiliates), in each case on terms to be determined by Keystone in its sole discretion. Potential conflicts of interest are expected to arise in the allocation of such co-

investment opportunities. The allocation of co-investment opportunities, which can be made to one or more persons for any number of reasons as determined by Keystone in its sole discretion, will not necessarily always be in the best interests of a Fund or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, including with respect to allocating a particular investment to and among potential co-investors and determining the terms thereof, Keystone will consider some or all of a wide range of factors (some or all of which can benefit Keystone or its affiliates).

Allowing any co-investment generally reduces the amount of the relevant investment opportunities that theoretically could have been taken by the Funds, and Keystone expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the Funds because (i) co-invest opportunities generally appeal to Fund limited partners and third parties and (ii) co-investors' proportionate share of transaction fees paid in respect of a particular investment typically is not subject to the Management Fee offset provisions of the Governing Documents. Keystone reserves the right, in its sole discretion, to charge a Management Fee and/or obtain a Carried Interest in respect of any co-investment. As a result of the fact that co-investments alongside a Fund will not be made through such Fund, any fees or other co-investor related compensation (including fees of the type included as supplemental fees) received in connection with co-investments will not arise out of the investment activities of a Fund or actions taken directly or indirectly by Keystone on behalf of a Fund and, therefore, none of such fees or other co-investor-related compensation will offset or otherwise reduce the Management Fee or Carried Interest. Any such fees can be retained by Keystone and/or any of its affiliates.

To the extent that one Fund co-invests or commits to co-invest alongside another Fund, any fees of the type included in the definition of supplemental fees with respect to such co-investment or potential co-investment will be allocated among the Funds pro rata (based on the cost of such co-investment or potential co-investment held or proposed to be held by each), or in such other manner as Keystone and the relevant participating partners mutually agree.

In order to facilitate the acquisition of a portfolio company, the Funds reserve the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the Funds will bear the risks that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risks that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when Keystone believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, Keystone's interest in limiting a Fund's exposure to a given instrument while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the Funds would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have

been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment.

For the avoidance of doubt, Keystone reserves the right, in its sole discretion, to structure any co-investment opportunity such that the proposed participants in such co-investment opportunity do not bear any broken deal expenses, with the result that the Funds will bear all such broken deal expenses. In most cases, Keystone does not expect that proposed participants in co-investments will bear broken deal expenses. Consequently, the Funds are expected to bear all such broken deal expenses. In addition, to the extent the Funds make use of a credit facility to invest in a portfolio company or pay related expenses, they generally will not be reimbursed separately by co-investors for use of the facility and co-investors will not have any obligations under such facility.

In the event that a transaction in which a co-investment was to be sought ultimately is not consummated, all obligations, liabilities and out-of-pocket fees (including any break-up fees), costs and expenses relating to such unconsummated transaction are expected to be borne by the Fund expected to participate in the investment, and not by any potential or expected co-investors, subject to any restrictions set forth in the Governing Documents.

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

Use of Credit Facilities. The Funds are permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. A Fund's use of such facilities will be determined by Keystone, and the performance of a Fund can be impacted by how Keystone causes a Fund to utilize such facilities. Although the use of such a facility has the potential to increase a Fund's ability to swiftly invest capital, it also will cause the Fund to incur interest expense and other costs. Potential conflicts of interest are expected to arise in that the use of such facilities likely would delay the need for partners to make certain contributions to the

Fund, which has the potential to enhance the Fund's performance figures and thereby benefit Keystone.

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

Industry Relationships. As with other private equity fund sponsors, as part of Keystone's business, Keystone and its employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, finders (including portfolio company finders), professional advisors (such as attorneys and accountants), limited partners, co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Keystone as well as family members or close contacts of such persons. Certain of these third parties are expected to: (i) introduce investment opportunities to Keystone; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Keystone, the Funds or Fund portfolio companies. Such third parties are expected on occasion to also provide goods or services to or have business, personal, familial, financial or other relationships with the founding principals. In addition, some of such third parties have invested in one or more Funds; co-invested in one or more portfolio companies; or provided other significant business or investment services to Keystone, the Funds and/or their portfolio companies. In other instances, such third parties provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Keystone's entities) to Firm personnel and their estate planning vehicles. In addition, such third parties are sometimes limited partners in one or more Funds; co-invest in one or more portfolio companies; or provide other

significant business or investment services to Keystone, Keystone employees, the Funds and/or their portfolio companies.

Specifically, one of the Pre-Fund Investment portfolio companies, on whose board Keystone principals serve, is also an indirect limited partner in the Funds and an indirect co-investor in certain Fund portfolio companies. Furthermore, certain Keystone employees own stock of such company and invest in certain of such company's products and pooled investment vehicles on a preferred economic basis, which can in turn hold indirect economic interests in Keystone Funds. Certain of Keystone's employees have been seconded at such company in the past; however, there is no current expectation for secondments in the future. Although the applicable Keystone principal has no involvement in this limited partner's investment decisions or day-to-day operations as well as no direct oversight or authority to control investment decisions by the limited partner, the nature of the relationship creates potential incentives to treat this limited partner differently from other limited partners. The limited partner is also expected to maintain a seat on a Fund's advisory board. In order to mitigate the potential for conflicts, Keystone intends to: (i) abide by investment allocation and co-investment policies designed to ensure that this limited partner is not treated favorably relative to other limited partners in matters of co-investment allocations; (ii) apply the provisions of its investment adviser Code of Ethics in order to limit the potential for impermissible information sharing between the applicable Keystone principal and the limited partner's parent company; and (iii) observe the results of any votes or approvals granted by the limited partner (in matters of voting under the Governing Documents or in its role as an advisory board member) to ensure that any such votes or approvals are not unfairly counted in matters of actual and potential conflicts of interest.

Valuation of Assets. There is not expected to be an actively traded market for most of the investments owned by the Funds. When estimating fair market value, the General Partners will apply a methodology they determine to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values can differ from values that would have been determined had an active market existed for such investments and can differ from the prices at which such investments ultimately are sold. The Firm has established a valuation policy, which it will follow when performing portfolio company valuations. Each General Partner will determine the value of the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. The exercise of discretion in valuation by the General Partners have the potential to give

rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest. Generally, there will be no retroactive adjustment in the valuation of any investment or the fees and/or performance-based compensation paid to the Firm to the extent any valuation proves to not accurately reflect the realizable value of an investment.

Material Non-Public Information. As a result of the operations of Keystone and its affiliates, as well as in connection with officerships or directorships of Keystone's and its affiliates' personnel, the Firm comes into possession of confidential or material, non-public information concerning specific companies ("MNPI"). Therefore, it is possible Keystone and its affiliates will have access to MNPI that is relevant to an investment decision to be made by a Fund. As a consequence of Keystone's inability to use MNPI for investment purposes under applicable securities laws and/or Keystone's internal policies and practices, a Fund's investment flexibility can be constrained. For example, a Fund can be restricted from buying or selling an investment which, if MNPI had not been known to it, otherwise was undertaken. Each of the Firm and the Funds anticipate that, to minimize the impact of such restrictions, it will elect to not receive MNPI in certain situations in which such an election is available. However, due to these restrictions, there can be no assurance that a Fund will be able to liquidate or exit an opportunity in the same manner or on the same timing as would be the case if such restrictions did not apply. As a result, a Fund, at times, may receive less information regarding such portfolio company than is available to the other investors in such portfolio company, which may result in the Fund taking actions or refusing to take actions in a manner different than had it received such non-public information.

Advisory Board. The General Partners will appoint several limited partners as representatives to a Fund advisory board, which has the ability to review and waive compliance with certain provisions of the Governing Documents, including resolving potential conflicts of interest situations, and whose approval is required or requested in certain circumstances under the Governing Documents, including certain approvals or consents required by the Advisers Act. Pursuant to the terms of the Governing Documents, all limited partners are bound by the determinations of the advisory board, regardless of whether a limited partner is represented by a member of the advisory board. The Governing Documents provide that to the fullest extent not prohibited by applicable law, none of the advisory board members shall owe any fiduciary duties to the Funds or any partner. An advisory board member is permitted to consider the interests of the limited partner it represents over the interests of the limited partners as a whole when voting or consenting to any matter submitted to the advisory board. Consequently, such limited partners have the potential to disproportionately represent one or more of the vehicles or categories of limited partners comprising the Funds. Members of the advisory board are expected to have potential conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory board for consideration or review. In addition, members of the advisory board and/or the limited partners associated with such representatives, will, from time to time, have various business and other relationships with Keystone and its members, partners, managers, directors, officers, employees and affiliates or interests in funds managed by other private equity sponsors. To the extent members of the advisory board or limited partners vote on any matter regarding conflicts or otherwise participate in matters involving a vote or action thereby, such

limited partners may not vote (and will be exculpated from liability for not voting) solely in accordance with their interests related to the Funds and may vote in a manner that is beneficial to such limited partners' other interests at the expense of the Funds. Additionally, it is expected that limited partners who designate representatives to participate on the advisory board may, by virtue of such participation, have more information about the Funds and portfolio investments in certain circumstances than other limited partners generally and may be disseminated information in advance of communication to other limited partners generally. To the extent that a limited partner is not represented by a member of the advisory board, such limited partner will have no influence over matters submitted to the advisory board for review or approval.

Business with and Among Portfolio Companies. Keystone has instituted a program under which portfolio companies owned by the Funds and the Pre-Fund Investments are given the option to participate in joint purchasing, vendor or similar arrangements with Keystone and its portfolio companies. Program participants, including the Firm, expect to receive discounts negotiated with various vendors and service providers on a group wide basis, although generally only a limited portion of the benefits and discounts obtained by the program are applicable to Keystone. Participants voluntarily participate in the program and receive similar benefits and discounts which will not result in additional offsets to the Management Fee. Keystone believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Funds) that will result if the negotiated discount rates for goods and services are discounted relative to those widely available in the market.

In addition, certain portfolio companies on occasion do business with other portfolio companies and prospective portfolio companies. Rates for such services are believed to be at market. At no time will Keystone receive compensation for facilitating such introductions.

Conflicting Interests Among Limited Partners. Limited partners are expected, from time to time, to have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, potential conflicts of interest will arise in connection with decisions made by Keystone regarding an investment that is more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Keystone generally will consider the investment, tax and other relevant objectives of each Fund and its partners as a whole, not the investment, tax or other objectives of any limited partner individually.

Secondary Transfers of Fund Interests. To the extent that a General Partner has discretion to consent to a transfer of a limited partner interest in a Fund pursuant to the Governing Documents, and subject to any restrictions therein, the General Partner reserves the right to identify one or more persons to potentially acquire such interest, and reserves the right to take into consideration a variety of factors as it deems necessary in exercising its discretion with respect to such a transfer.

Research Costs for Investments. Keystone expects that there will be circumstances when it considers a portfolio investment on behalf of a Fund and determines not to make such portfolio investment;

however, Keystone could eventually cause a successor fund to make such investment. In these circumstances, Keystone or such fund are expected to benefit from research undertaken by the original investment team and/or from costs borne by the Fund in pursuing the potential investment, but such fund will not be required to reimburse a Fund for expenses incurred in connection with such research.

Employee Limited Partners. Certain of Keystone's employees and personnel are expected to invest in a Fund as part of the General Partner's commitment to such Fund or as Fund limited partners. Subject to applicable law, the terms of an investment by an employee are permitted to differ from, and be more favorable than, those of an investment by an external Fund limited partner. For example, employee limited partners often are not subject to a Management Fee and/or Carried Interest with respect to their investment, will generally receive information regarding investments at different times than other limited partners and can benefit from different credit facility arrangements than the Fund.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements. The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among Keystone, the limited partners, the Fund, the General Partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While Keystone will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations Keystone adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their limited partners.

Transaction Fees. Because Keystone is permitted to retain certain transaction fees, monitoring fees and similar "transaction fees" as set forth in the Governing Documents in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, such transaction fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of such transaction fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company. In certain circumstances, the Firm expects that co-investors, lenders, consultants or other parties from time to time will negotiate the right to share a portion of such transaction fees from a particular investment, and any Management Fee offset percentage will be applied after excluding any amounts paid to such persons. Additionally, Keystone, its personnel, its affiliates or others designated by the Firm (including other service providers) expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, the Firm and/or such other recipients will be permitted to retain such securities as transaction fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Firm) or

retain such securities for a period consistent with their own financial and investment objectives, which could differ from those of the Funds. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation.

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

Third-Party Involvement. The Funds are permitted to co-invest with third parties through partnerships, joint ventures, overage funds, other specialized investment vehicles for other entities or arrangements, thereby acquiring less than 100% of the ownership interests in certain investments. Such investments have the potential to involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Funds and such co-venturers may reach an impasse on a major decision that requires the approval of multiple parties; (ii) the co-venturers or partners may at any time have economic or business interests or goals that are inconsistent with those of the Funds; (iii) the co-venturers or partners may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturers or partners may be in a position to take action contrary to the Funds' investment objectives; (v) the co-venturers or partners may take actions that subject the investment to liabilities

in excess of, or other than, those contemplated; or (vi) in certain circumstances the Funds may be liable for actions of its co-venturers or partners. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Long-Term Investments; Continuation Vehicles. Keystone reserves the right to propose that one or more of a Fund's portfolio investments be held for longer than the then-current term of a Fund either by such Fund or using one or more special purpose vehicles formed outside of the Fund. Certain risks that are generally associated with an investment in a private equity fund may be heightened and magnified. For instance, portfolio companies that are held for a longer period of time may be more likely to experience employee and/or management turnover during the holding period with respect thereto as compared to many other private equity funds. Keystone could be more incentivized to make portfolio investments with the view of holding such investment for a longer period of time and accordingly, may make investments that it believes may not meet the target returns of the Funds if it did not have the flexibility to hold such portfolio companies for a longer period of time. While limited partners will likely have the option to elect to have their interests in such investments disposed of by the Firm, the value of such investments at the time of disposition may be materially less than if the Firm had not made and/or held such investment with the view of such investment having a longer holding period. Additionally, limited partners that elect to continue to hold a direct or indirect interest in such investments will have their interest attributable thereto adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to a General Partner to the extent of its right to receive Carried Interest, if any), thereby diluting their interests in such investments. Such limited partners that elect to continue to hold an interest in such investments may also be subject to Management Fees and Carried Interest for a longer period and/or in a greater aggregate amount than if such investments were not held for such longer period of time.

In addition, although the valuation of any such investment will generally be based on a third-party valuation, valuations are inherently subjective in certain respects and rely on a variety of assumptions. Furthermore, valuations are based in large part on information as of the applicable period, and market conditions may change materially after that date. Accurate valuations are more difficult to obtain in times of low transaction volume because there are fewer market transactions that can be considered in the context of the appraisal. In addition, the process of valuing portfolio investments 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 portfolio investments and may differ from the prices at which such portfolio investments ultimately may be sold. As such, the carrying value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. Accordingly, such values may not accurately reflect the actual market values of the investment, and, thus, investors may make decisions as to whether to continue to hold an interest in an investment without complete and accurate valuation information. As a result, the

valuation of such an investment and the distributions to each of a Fund's partners, including the General Partner, may not accurately reflect the fair value of the interests.

Secondaries and other General Partner-Led Transactions. There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and Keystone reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Keystone following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to limited partners and maintaining exposure to an asset where Keystone believes there is the potential for additional value generation. Where undertaken, limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from one or more Funds), often on different terms than the original investment. However, certain of such transactions are expected to require: a limited partner to invest additional capital in a Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio company; and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to a General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests. Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Keystone or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Keystone or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by a General Partner on the sale of an asset from a Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Keystone, the General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent Keystone requires limited partners and/or new buyers to commit capital to a continuation fund or another fund managed by Keystone in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of a Fund investment(s) being sold. Further, Keystone is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in a Fund, and in such circumstances, Keystone reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In

other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the advisory board prior to the closing of the transaction, there can be no assurance that Keystone will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual limited partner or group of limited partners. However, Keystone reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the Governing Documents. Keystone is permitted to seek the consent of the advisory board to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the Funds are expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

Compensation. As is generally the case in private equity funds, the Governing Documents provide that a Fund's Management Fees will be calculated and charged on a basis that generally is not tied to such Fund's then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (the "Stepdown Date"), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the relevant Fund relating to investments that have not been realized or completely written off for U.S. federal income tax purposes (such investments, "Impaired Value Investments").

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents. For the avoidance of doubt, following the Stepdown Date, the fair market value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such investment will be reduced solely based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s).

As a result, as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or of a Fund,

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

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

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

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

Keystone's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be

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

Item 9 – Disciplinary Information

Like other registered investment advisers, Keystone is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of Keystone or the integrity of Keystone's management. Keystone and its management persons have not been subject to any material legal or disciplinary events that are applicable to this Item.

On occasion, in the ordinary course of its business, Keystone, the Funds, or the Funds' portfolio companies (or their respective directors and executive officers) are named as defendants in a legal action. Although there can be no assurance of the outcome of such legal actions, Keystone does not believe that any current legal proceedings or claims to which Keystone, the Funds, or the Funds' portfolio companies (or their respective directors and executive officers) are a party, if any, would individually or in the aggregate materially affect a limited partner's or prospective limited partner's evaluation of the Firm or the integrity of the Firm's management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Keystone nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing. Keystone does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accountant or accounting firm, lawyer or law

firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its Funds or its limited partners. Keystone has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, fund administration, banking, investment banking, tax preparation, insurance brokerage, information technology, compliance and other services. Some of these professionals provide services to the principals, the Funds or their portfolio companies. Additionally, some of these professionals are limited partners in Keystone Funds, either personally or through their company.

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

From time to time, Keystone receives training, information, promotional materials, meals, entertainment, gifts or other perquisites from vendors and others with whom it does business or to whom it makes referrals. However, at no time will Keystone accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing business to a specific vendor. Similarly, Keystone employees have in the past, and expect in the future, to speak at and attend conferences and programs for potential limited partners interested in investing in private funds and other industry events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other events, prospective limited partners have the opportunity to meet with Keystone. Neither Keystone nor any Fund compensates these investment bankers, broker-dealers or others for investments ultimately made by prospective limited partners attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

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

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

Code of Ethics and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, Keystone has adopted a written code of ethics ("Code of Ethics") that sets forth standards of conduct expected of supervised persons and addresses personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests and to maintain full compliance with the federal securities laws.

With respect to third parties that are not subject to the trading restrictions under Keystone's Code of Ethics and that may otherwise obtain sensitive and nonpublic information relating to a Fund deal (*e.g.*,

co-investors, legal, financial, diligence, public relations and other similar service providers), such persons typically are subject to contractual provisions in confidentiality agreements or professional obligations that prohibit the misuse of any such information.

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

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

Keystone's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Keystone maintains a restricted list of issuers about which it has or may have material non-public information. Supervised persons are permitted to make securities transactions in their personal accounts, subject to certain limitations. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including trading in restricted list securities, initial public offerings and limited offerings. In addition, supervised persons are required to file certain reports and link certain brokerage accounts to the Firm's compliance software to enable monitoring of personal trading by Chief Compliance Officer or her designee.

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

Limited partners can request a copy of the Firm's Code of Ethics by contacting its Chief Compliance Officer, Katie Perry, at (312) 219-7900 or compliance@keystonecapital.com.

Participation in Client Transactions

Certain Keystone employees and their family members have invested in the Funds either through a General Partner and/or as Fund limited partners. As mentioned in Item 5 above, Keystone generally

reduces the Management Fee and Carried Interest related to investments held by such persons. Keystone does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of limited partners in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. Keystone will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This also applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser, such as a General Partner). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of Keystone's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or Keystone or a Fund General Partner purchasing the interest of an existing limited partner. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of Keystone's business, a cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another. Agency cross transactions occurs where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to Keystone.

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

Conflicts of Interest

The Governing Documents of each Fund include a description of what Keystone believes to be the most significant conflicts of interest associated with an investment in that Fund. Some of these conflicts are summarized in Item 8 above.

Item 12 – Brokerage Practices

While Keystone generally focuses on securities transactions in private companies and purchases and sells such companies through privately negotiated transactions, the Funds on occasion engage broker-dealers and investment bankers to perform various services for the Funds and portfolio companies,

such as assisting in the purchase or sale of a private portfolio company. Keystone has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions for the Funds. In executing transactions, Keystone will seek best of the transaction. Best execution is a qualitative assessment that takes into account the full range and quality of a broker-dealer or investment banker's services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible commission rates.

Whether for private or public securities transactions, Keystone selects a broker-dealer or investment banker based on Keystone's judgment regarding a variety of factors, including but not limited to: Keystone's prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to the Firm; the broker-dealer or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services providers; and the commission rates, among other factors.

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

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

Item 13 – Review of Accounts

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly Keystone's review of them is not directed toward a short-term decision to dispose of securities. Decisions as to when to purchase or sell a portfolio company are made by the investment committee. Keystone holds board seats for most of the investments it makes or otherwise acts to influence control of the management of the investments. Investment professionals closely monitor the portfolio companies of its Funds and maintain an ongoing oversight position in such portfolio companies. Moreover, partners of Keystone monitor portfolio company performance through regular management meetings, as well as detailed reviews of specific portfolio companies that occur as needed.

Keystone provides to limited partners on behalf of its Funds the following written reports: (i) annual audited financial statements prepared in accordance with United States generally accepted accounting principles (“GAAP”) as promulgated by the Financial Accounting Standards Board (“FASB”), accompanied by the report of the independent certified public accountant within 120 days of fiscal year end (or earlier as agreed to in the relevant Fund Governing Documents); (ii) unaudited financial statements for the first three quarters of each fiscal year; and (iii) annual tax information necessary for the completion of tax returns (K-1). The Firm also has contact with limited partners (*e.g.*, personal visits, video conference, telephone and email) throughout the year as requested and as conditions warrant.

In the course of conducting due diligence, limited partners periodically request information pertaining to Keystone’s investments and track record. Keystone responds to these requests, and in answering such requests, provides information that is not always made available to other limited partners who have not requested such information. Additionally, as it pertains to existing limited partners, upon request or pursuant to contractual obligations, certain limited partners receive additional information and reporting that other limited partners do not receive. As a result, certain limited partners will have more information about a Fund than other limited partners. Keystone will ensure that the disclosure of preferential information rights complies with the Private Fund Rule commencing with its effective date in March 2025.

Item 14 – Client Referrals and Other Compensation

As described in Item 5 above, Keystone is entitled to receive certain supplemental fees from the portfolio companies held by the Funds. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that Keystone believes will ultimately enhance the value of the companies and benefit the Funds and their limited partners.

These types of fee arrangements present potential conflicts of interest and provide Keystone with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by Keystone or its employees (but not the Operations Group) in connection with services rendered to portfolio companies or transactions of the Funds are offset against Management Fees payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund’s Governing Documents.

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

Item 15 – Custody

Keystone is deemed to have custody of the Funds’ assets because the General Partners are not operationally independent from Keystone: each Fund’s General Partner generally has full discretion

and control over Fund investments and cash, including the ability to deduct fees from Fund accounts. To comply with Advisers Act Rule 206(4)-2 (the “Custody Rule”), Keystone has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective limited partners within 120 days of fiscal year end (or earlier as agreed to in the relevant Fund Governing Documents). In addition, upon the final liquidation of a Fund, Keystone will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying limited partners promptly upon completion of the audit. Limited partners are encouraged to carefully review such financial statements.

Keystone does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund’s bank account maintained with a qualified custodian and public securities are held with broker-dealers or transfer agents who act as custodians for such securities. Keystone receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about the Funds’ qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

Item 16 – Investment Discretion

Keystone generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. Investment advice is provided directly to the Funds, subject to the discretion and control of the General Partners, and not to limited partners in the Funds individually. To become a limited partner in a Fund, a limited partner must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with such Fund. Such documents generally contain a power of attorney that grants Keystone or the Fund’s General Partner certain powers related to the orderly administration of the affairs of the Funds. Once a limited partner executes these documents, with limited exceptions discussed elsewhere in this Brochure, Keystone is not required to contact such limited partner prior to transacting business in a Fund.

Generally, Keystone’s only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, will be contained in the relevant Fund’s Governing Documents. However, a limited partner can seek to impose limitations on Keystone’s authority through a side letter agreement, and Keystone and/or a General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon Keystone’s investment authority with respect to a limited partner’s investment must be presented to Keystone and the relevant Fund’s General Partner in writing and agreed to by all applicable parties. There can be no assurance that the side letter rights granted to one or more limited partners will not in certain cases disadvantage others.

Item 17 – Voting Client Securities

By virtue of the applicable Governing Documents, Keystone has the authority to vote proxy statements on behalf of the Funds. However, given the nature of Keystone's advisory business, the Funds do not frequently hold public securities; the majority of "proxies" received by Keystone are written shareholder consents or similar instruments for private companies owned by the Funds. Specifically, from time to time, portfolio companies request Keystone (usually through the General Partner of the applicable Fund) to consent to certain issues pertaining to the portfolio company's business and requiring equity owner approval. In these cases, Keystone considers factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio companies.

Keystone has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Keystone's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds with a goal towards maximizing overall value. Keystone generally believe its interests are aligned with those of the Funds' limited partners through the principals' beneficial ownership interests in the Funds. However, in the event that there is a conflict of interest in voting proxies, Keystone's proxy voting policy provides that the Firm can address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory board on the proposed proxy vote, or through other alternatives as set forth in Keystone's proxy voting policy. Limited partners in the Funds cannot direct how Keystone votes proxies or shareholder consents, nor is Keystone required to seek limited partner approval or direction from limited partners when voting proxies or when giving consent on any matter requiring the consent of shareholders.

Firm principals and affiliated or unaffiliated third parties appointed by Keystone sit on the boards of portfolio companies to which Keystone provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. Keystone does not consider service on portfolio company boards by the aforementioned persons or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

Keystone will provide a copy of its proxy voting policy to any existing or prospective limited partner by contacting its Chief Compliance Officer, Katie Perry, at (312) 219-7900 or compliance@keystonecapital.com. Limited partners can also obtain information from the Firm, free of charge, about how Keystone voted previous public proxies, if any.

Item 18 – Financial Information

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