

ITEM 1: COVER PAGE

CAPITAL IP INVESTMENT PARTNERS LP

PART 2A OF FORM ADV: FIRM BROCHURE

**Capital IP Investment Partners LP
7117 N 68th Place
Paradise Valley, AZ 85253**

March 31, 2024

This brochure provides information about the qualifications and business practices of Capital IP Investment Partners LP (the “Adviser”). If you have any questions about the contents of this brochure, please contact Aron Dantzig, the Adviser’s Chief Compliance Officer, at 646-287-8753 or adantzig@capitalip.com. The Adviser maintains a website at www.capitalip.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Any reference to the Adviser as a registered investment adviser does not imply a certain level of skill or training.

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

ITEM 2: MATERIAL CHANGES

None. The Adviser has not issued a Brochure previously. We can, at any time, update this Brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (by electronic means (which you consent to by providing us with your email address) or in hard copy form).

If you would like another copy of this Brochure, please download it from the SEC website or contact us.

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ITEM 4: ADVISORY BUSINESS

Capital IP Investment Partners LP (the “**Adviser**”), a Delaware limited partnership, was formed in April 2022 and filed to become a registered investment adviser with the United States Securities and Exchange Commission (the “**SEC**”) on March 31, 2024. Aron Dantzig and Riyadh Shahjahan are the principal owners of the Adviser. Capital IP Management GP LLC, a Delaware limited liability company, (the “**General Partner**”) serves as the general partner of the Adviser and is owned and controlled by Aron Dantzig and Riyadh Shahjahan.

The Adviser’s investment strategy focuses primarily on making senior secured loans to mid-to-late-stage technology and technology-enabled companies located in North America, Europe, Australia and Israel. See *Item 8: Methods of Analysis, Investment Strategies and Risk of Loss* for a description of Capital IP’s investment strategy and related risks.

The Adviser, together with the General Partner (collectively, “**Capital IP**”), provides advisory services on a discretionary basis to privately offered pooled investment vehicles (each a “**Fund**” and collectively, the “**Funds**”). Capital IP also manages separate investments in single portfolio companies (each a “**Co-Investment**” and collectively, “**Co-Investments**”) and investments structured through special-purpose limited liability companies (each an “**SPV**” and collectively, “**SPVs**”). Capital IP may also provide co- and/or sub-advisory services, on a discretionary or non-discretionary basis, for separately managed or pooled investment vehicle client accounts or SPVs (“**Other Advisory Accounts**”). The Funds, Co-Investments, SPVs, and Other Advisory Accounts are collectively referred herein as “**Advisory Clients**” and each an “**Advisory Client**”. To facilitate investment by certain investors, Capital IP may create one or more feeder funds or parallel funds or alternative vehicles to invest in Advisory Clients.

Capital IP’s investment management and advisory services to Advisory Clients are provided pursuant to the terms of the applicable private placement memorandum or offering document (each an “**Offering Document**”), limited partnership and other operating agreements (each a “**Partnership Agreement**”, and together with any Offering Document, the “**Governing Documents**”), which set forth investment strategies and limitations. Limited partners or limited members of Advisory Clients (each a “**Limited Partner**” and collectively, the “**Limited Partners**”) generally cannot obtain services tailored to their individual needs.

At its discretion, Capital IP has in the past and may in the future enter into “side letters” or similar agreements with certain Limited Partners pursuant to which Capital IP grants to such Limited Partner specific rights, benefits, or privileges that are not made available to Limited Partners generally. Capital IP generally is not required to notify any or all of the other Limited Partners of any such side letters or any of the rights or terms or provisions of such side letter nor will Capital IP generally be required to offer such additional or different rights or terms to any or all of the other Limited Partners absent an agreement to do so. It is important to note that Capital IP has entered into a Strategic Relationship Agreement (the “**Strategic Relationship Agreement**”) with the “anchor” investor (the “**Strategic Investor**”) in Capital IP’s first pooled investment fund, Capital IP Opportunities Fund LP (“**Fund I**”) under which the Strategic Investor obtained certain “most favored nation” rights to elect to receive favorable terms that are offered to other investors

under certain circumstances. Please see the disclosures below under *Item 8: Strategic Relationship Agreement* regarding the Strategic Relationship Agreement.

Capital IP may provide Co-Investment opportunities to some (but not necessarily all) Limited Partners, Capital IP and their respective affiliates and employees and other third parties that Capital IP will manage. Such Co-Investments may be made under such circumstances and in such amounts as Capital IP in its sole and absolute discretion determines. The terms of such Co-Investments may be different from the terms of the investment under the Governing Documents of Funds that also invest in those portfolio companies. Limited Partners will not have any right to determine or influence the terms of such Co-Investments. For the avoidance of doubt, Capital IP will be under no obligation to provide Co-Investment opportunities to any particular person, including Limited Partners, except that the Strategic Investor has certain rights to participate in Co-Investments under the terms of the Strategic Relationship Agreement. Additional information regarding Co-Investment opportunities is provided in *Item 5: Fees and Compensation* and *Item 8: Methods of Analysis, Investment Strategies and Risk of Loss*.

Capital IP does not participate in wrap fee programs.

As of December 31, 2023, Capital IP managed regulatory assets of approximately \$194,300,000 comprised of approximately \$142,800,000 on a discretionary basis and \$51,500,000 on a nondiscretionary basis.

An affiliate of the Advisor currently oversees two individual SPVs that made senior secured loans to third-party borrowers that remain outstanding and are not included in Fund I. That affiliate is entitled to receive an incentive fee with respect to each of those investments if certain return hurdles are met once the investments have been liquidated.

Persons reviewing this Brochure should not construe it as an offering of interests in any current or future Advisory Clients.

ITEM 5: FEES AND COMPENSATION

Management Fees and Carried Interest

Fees generally are paid as set forth in each Advisory Client's Governing Documents. The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Governing Documents and may differ with respect to specific Advisory Clients. It is important that investors refer to the relevant Governing Documents for a complete understanding of expenses and fees they may pay through an investment in any Advisory Client.

Capital IP is generally compensated for its advisory services through asset-based management fees ("**Management Fees**"), the calculation of which are set forth in the Governing Documents of each Advisory Client.

In addition, Capital IP, or the general partner of the applicable Advisory Client, is entitled to receive performance-based profit distributions (referred to as "**Carried Interest**"), the calculation of which are set forth in the Governing Documents of each Advisory Client.

For co- or sub-advisory services rendered to Other Advisory Accounts, Capital IP will ordinarily be entitled to (a) either a one-time or annual Management Fee and (b) Carried Interest as provided in pertinent Governing Documents.

Management Fees and Carried Interest distributions generally are not negotiable; however, Capital IP may elect to reduce, otherwise modify, or waive the Management Fees or Carried Interest distributions with respect to any Limited Partner. Management Fees for certain Advisory Clients may be reduced for those Limited Partners who make a commitment above a defined threshold, as described in the applicable Advisory Client's Governing Documents or side letter agreements. Capital IP is permitted to exempt the general partner and certain affiliates of Capital IP who invest in the Advisory Clients from payment of all or a portion of Management Fees and/or Carried Interest, including its personnel or other investors meeting certain qualification requirements.

Management Fees are typically paid quarterly in advance. Management Fees are typically funded with capital contributions drawn for such purpose. Carried Interest distributions generally will be distributed to Capital IP from time to time upon the disposition or receipt of proceeds in respect of portfolio investments by an Advisory Client and are distributed to Capital IP in accordance with the terms of the applicable Governing Documents.

Operating Expenses

Capital IP is responsible for paying its ordinary overhead expenses, such as facilities expenses and compensation of its employees, including salaries, bonuses and employee benefits of their personnel, office expenses, office equipment, office rental and utilities.

Each Advisory Client generally bears the costs and expenses relating to its activities and operations, as provided in the respective Advisory Client's Governing Documents. The Advisory Clients will be responsible for all fees, costs and expenses related to the Advisory Client and its

activities including, without limitation: the Advisory Client's share of any organizational expenses (subject to the limitation set forth below); Management Fee; any placement fees (subject to the Management Fee offset provisions set forth herein); corporate finance fees; any taxes, fees or other governmental charges that may be levied or assessed directly against the Advisory Client and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Advisory Client; all fees, costs and expenses incurred in connection with the business, affairs and operations of the Advisory Client, including the sourcing, development, evaluation, negotiation, valuation, due diligence, purchase, acquisition, holding, transfer or sale of any actual or prospective portfolio investment (whether or not consummated, i.e., including broken-deal expenses), including all commission, brokerage, valuation, appraisal, ratings, underwriting, registration, legal, accounting, tax advisory, professional or consulting fees and expenses, travel expenses (*provided* that Capital IP may instead be reimbursed for such expenses by portfolio companies and such reimbursement will not constitute any Management Fee offset); fees and expenses of any third-party administrator of the Advisory Client; all costs and expenses of attending industry conferences in connection with sourcing and/or evaluating potential portfolio investments; all costs, fees and expenses related to meetings with portfolio company personnel, intermediaries and personnel affiliated with prospective portfolio companies or prospective strategic partners of portfolio companies; all expenses related to an actual or prospective portfolio company that such portfolio company agrees to reimburse the Advisory Client for in the future (whether or not such amounts are actually reimbursed); all costs, fees and expenses incurred in connection with the origination, development, diligence and execution of any portfolio investment, including the costs and expenses of any operating advisors in connection therewith and the fees, costs and expenses of any sourcing agents or their associated "search", "roll-up," "joint venture" or acquisition company; all costs, fees and expenses of any litigation, director and officer liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Advisory Client, including the costs of prosecuting or defending any legal, regulatory, administrative or other action (including settlement or review of business activities) of, for or against Capital IP or its personnel or any of their respective affiliates to which they would be entitled to indemnification pursuant to the Governing Documents; all costs, fees and expenses of any key person life insurance relating to the death of any Capital IP principal and with the Advisory Client being the beneficiary of such policy; all expenses, costs and fees relating to the accounting, administrative, reporting and audit expenses of the Advisory Client, and the preparation, printing and distribution of all communications, reports (including financial and tax reports), portfolio valuations and tax returns of the Advisory Client (including the expenses, costs and fees of maintaining any internet-based portal or website from which such items are made available); all professional fees, costs and expenses (including those relating to legal, advisory, regulatory, administrative, custodial, audit, accounting, consulting (including professional due diligence services and for "expert networks"), appraisal, valuation and compliance services rendered) incurred by or for the benefit of the Advisory Client; and all fees, costs and expenses, if any, incurred in connection with legal and regulatory compliance with U.S. federal, state and local and non-U.S. or other law or regulation (including, by way of example only, Form PF obligations under the Advisers Act, Foreign Account Reporting Regimes, AIFMD and "know your client" requirements, as applicable, and the preparation and administration of any reports, disclosures, filings or notifications prepared in accordance with the foregoing; *provided* that, for the avoidance of doubt, any fees, costs and expenses incurred by Capital IP in connection with its own legal and regulatory compliance matters will be borne by Capital IP and not by the Advisory Client) or related to compliance with the provisions of the Governing Documents or any side letter or similar

agreement; all extraordinary professional fees, costs and expenses incurred in connection with the business or management of the Advisory Client; all fees, costs and expenses incurred in connection with the managed distribution of publicly-traded securities; all fees, costs and expenses incurred in connection with the securing of financing, including, but not limited to, the arranging, negotiation, structuring, entering into, amending and all other documentation of agreements with one or more lenders and all principal and interest on, and fees, costs and expenses arising out of, all permitted borrowings and guarantees made by the Advisory Client; all fees, costs and expenses related to hedging activities taken by the Advisory Client and permissible under the Governing Documents; all fees, costs and expenses of dissolving and liquidating the Advisory Client; all fees, costs and expenses incurred in connection with any restructuring or amendments to the constituent documents of the Advisory Client; all fees, costs and expenses (other than costs of a particular SPV) that will be borne by the Limited Partners participating in such SPV incurred in connection with the formation of special purpose vehicles, including any SPVs (including all fees, costs and expenses related to the presence of the Advisory Client or any SPV or other special purpose vehicle in jurisdictions in which such entities or their subsidiaries maintain such a presence, including, for example, rent, domiciliation fees, director's fees and other similar costs); all reasonable fees, costs and expenses incurred in connection with investment related analytical, database or other third-party research services and related software and/or terminals for the delivery of such investment related services; all fees, costs and expenses (including travel, lodging and meals) related to holdings of meetings of the Limited Partners, any Advisory Client advisory committee, and each Industry Council (as defined later) (in each case, whether individually or as a group), all costs and expenses related to the activities of any Advisory Client advisory committee and each Industry Council (including insurance for the benefit of the members of the relevant Advisory Committee and any Limited Partner represented by any such member and insurance for the benefit of any member of an Industry Council); all fees, costs and expenses incurred in connection with a transfer of a Limited Partner's interest in the Advisory Client or a Limited Partner's withdrawal or admission permissible under the Governing Documents (but only to the extent not paid by the Limited Partner and/or the transferee or withdrawing Limited Partner, as applicable); all fees, costs and expenses related to a default by a defaulting Limited Partner (but only to the extent not paid by the defaulting Limited Partner); all fees, costs and expenses of any feeder fund managed by the Capital IP; any other fees, costs and expenses approved by the Advisory Client advisory committee; and all other fees, costs and expenses similar to those described the Governing Documents or that Capital IP determines in its reasonable discretion are properly borne by the Advisory Client. All of the fees, costs and expenses set forth above and borne by the Advisory Client are collectively referred to herein as "**Advisory Client Expenses.**"

Each Other Advisory Account is responsible for its operating expenses as provided in their respective Governing Documents.

Where a Co-Investment is undertaken by an Advisory Client and third-party co-investors, investment-related expenses are generally expected to be allocated *pro rata* among the Advisory Client and such participating co-investors based on their relative investment amounts. However, where a proposed Co-Investment ultimately fails to materialize, the Advisory Client will generally bear all investment related expenses (including broken deal expenses) pertaining to the applicable Co-Investment.

Organizational Expenses

Each Advisory Client bears its organizational costs, fees and other expenses incurred in connection with the formation and organization of such Advisory Client subject to the terms and limitations set forth in the Advisory Client's Governing Documents. An Advisory Client's organizational expenses above an agreed-upon expense cap set forth in the Governing Documents of the applicable Advisory Client may be credited in whole or in part against future Management Fees due to Capital IP.

Other Benefits

Capital IP and its personnel can be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Advisory Clients that will not be subject to a management fee offset or otherwise shared with the Advisory Clients or the investors therein and/or portfolio companies. For example, airline travel or hotel stays incurred in connection with the business of the Advisory Clients may result in "miles" or "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Capital IP and/or such personnel even though the cost of the underlying service is borne by the Advisory Clients or portfolio companies.

Management Fee Offsets

Capital IP may be entitled to receive transaction, commitment, closing, directors', officers', break-up, advisory, syndication, guarantee, monitoring and other fees (net of expenses) paid by portfolio companies (collectively, "**Portfolio Fees**") with respect of investments made by an Advisory Client. Generally, Portfolio Fees in excess of certain broken-deal and other deal-related fees that were advanced by Capital IP ("**Offset Fees**") will be credited 100% against future Management Fees, subject to certain limitations and conditions, as set forth in the applicable Governing Documents.

Offset Fees received by Capital IP and their respective affiliates with respect to any investment acquired jointly by more than one Advisory Client generally will be applied to offset the Management Fees received by Capital IP and each such affiliate on a *pro rata basis* based on the amounts of each Advisory Client's respective interests in such investment, irrespective of whether an Advisory Client is actually entitled to receive a Management Fee offset pursuant to the relevant Governing Document.

As noted above, organizational expenses above a specified cap and placement agent fees for certain Advisory Clients will also offset Management Fees. For the avoidance of doubt, fees paid by co-investors shall not offset against Management Fees.

Allocation of Expenses

Certain expenses are incurred on an aggregate basis for the benefit of multiple Advisory Clients. Such expenses will be allocated by Capital IP in a manner it determines to be fair and equitable, taking into consideration, among other things (i) the extent of an Advisory Client's utilization of

the services associated with the expense, (ii) the relative benefit to an Advisory Client that is derived from the expense, and (iii) the association of the expense with a legal, contractual or other obligation of the respective Advisory Client. This is expected to generally result in a pro rata allocation based on each Advisory Client's participation or anticipated participation in the relevant investment or strategy. However, if Capital IP determines that one or more Advisory Clients receives substantially all of the benefit, or that such expense would not otherwise have been incurred if it were not for such Advisory Clients, Capital IP may allocate such expense to such Advisory Clients that received substantially all of the benefit.

Expenses incurred in connection with transactions that are consummated are generally allocated to the relevant Advisory Clients in accordance with Capital IP's overall allocation decision.

The foregoing discussion of expenses is not intended to be exhaustive and is qualified in its entirety by the Governing Documents of each Advisory Client.

The investment strategies employed with respect to Advisory Clients generally do not involve the purchase or sale of publicly offered securities, and as such, do not typically entail expenses related to brokerage commissions. To the extent applicable, each Advisory Client generally is responsible for and pays any of its custodial fees and expenses. See *Item 12: Brokerage Practices* below.

Capital IP and its supervised persons do not accept compensation for the sales of securities or other investment products.

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

As described under Item 5 above, Capital IP, or the applicable general partner of an Advisory Client, may receive Carried Interest on certain realized profits from Advisory Clients. The existence of performance-based compensation may create an incentive for Capital IP to make more speculative investments on behalf of an Advisory Client than it would otherwise make in the absence of such arrangement, although Capital IP generally considers performance-based compensation to better align its interests with those of its Limited Partners. Additionally, to the extent that Capital IP personnel are assigned varying participation percentages of the carried interest from the Advisory Clients, such personnel may be subject to similar conflicts of interest in identifying investment opportunities as appropriate for Advisory Clients from which they are entitled to receive a higher carried interest percentage.

Capital IP seeks to address the conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to Advisory Clients in accordance with Capital IP investment guidelines and the applicable Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Capital IP or any personnel.

ITEM 7: TYPES OF CLIENTS

Capital IP provides discretionary investment advice solely to the Advisory Clients, which are privately offered pooled and other investment vehicles, as described in Item 4 above.

Limited Partners of Advisory Clients are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended (the “**Securities Act**”), and are generally either “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), or “qualified clients” within the meaning of Rule 205-3 under the Advisers Act. Each Advisory Client generally has a minimum investment amount for third-party investors as provided in such Advisory Client’s Governing Documents. Such minimum investment amount may be waived by Capital IP in its sole discretion.

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

General

Capital IP's investment strategy focuses primarily on making senior secured loans to mid-to-late-stage technology and technology-enabled companies located in North America, Europe, Australia and Israel. The proceeds of Capital IP's loans are typically used by its borrowers for general corporate purposes, to refinance existing indebtedness or to provide funding for future anticipated growth.

Investment Process

Capital IP applies its credit-oriented investment approach to target transaction opportunities that provide strong downside protection and offer an attractive risk-adjusted return. Capital IP's investment process includes initial deal sourcing and screening, preliminary due diligence, term sheet negotiation and structuring, final due diligence, investment committee review and approvals, oversight of loan documentation, and post-closing portfolio monitoring. The analytical process typically involves, but is not limited to: analysis of business and financial information, extensive financial-forecast modeling, review of management performance and capabilities, competitive analysis, detailed review of customer history and market outlook, and an assessment of a range of potential valuation outcomes. This process is designed to fully apply the experience and skillset of Capital IP's principals to each investment opportunity and to provide an underwriting framework designed to assess visibility into a potential investment's commercial prospects and market valuation, with a dedicated focus placed on each investment's potential exposure to, and impact in the event of, a distressed or "downside" situation. Throughout this process, Capital IP leverages its team's extensive experience in underwriting and structuring and its extensive relationships within its target markets.

Capital IP generally structures its loans to allow each borrower to meet the capital needs of the business without significantly diluting the existing equity ownership. In exchange, Capital IP seeks to capture attractive, predictable returns with limited downside risk based on its ability to (i) identify and underwrite potential borrowers' enterprise value; (ii) structure transactions which optimize Capital IP's potential return on an investment; and (iii) provide Capital IP with legal protections intended to mitigate risk in situations of borrower underperformance.

Risks of Investments

All securities investments, including investments in Advisory Clients, risk the loss of capital. No guarantee or representation is made that Advisory Clients will achieve their investment objectives or that an Advisory Client investor will receive a return of its capital. Making an investment in an Advisory Client is speculative and such an investment is not intended to serve as a complete investment program. An investment in Advisory Clients is designed for sophisticated persons who are able to bear the economic risk of the loss of their investment and who have a limited need for liquidity in that investment. In addition, there will be occasions when Capital IP may encounter potential conflicts of interest in connection with Advisory Clients.

In evaluating whether to make an investment in the Advisory Clients, potential investors should consider all information contained in the respective Advisory Client's offering documents, including the considerations and risk factors set forth in the relevant offering documents.

Investment Risks Generally. An investment in Advisory Clients involves a high degree of risk, including the risk that the entire amount invested may be lost. Any losses of the Advisory Clients will be borne solely by Limited Partners in such Advisory Clients and not by the general partners of such Advisory Clients, Capital IP or any of their respective affiliates (except to the extent such person has made an investment in the Advisory Client, and in such case only to the extent of its investment *pro rata* with the other partners in the Advisory Client). Each Advisory Client will make loans, invest in securities, and create alternative investment structures in which to make investments using strategies and investment techniques with significant risk characteristics, including, but not limited to, risks arising from the volatility of global financial markets, changes in company specific and macroeconomic business conditions, the risks of leverage, the potential illiquidity of portfolio investments and borrower default risks. No guarantee or representation is made that the Advisory Clients will be successful, that any Advisory Client will achieve its targeted returns, or that there will be any return of capital invested to investors in any Advisory Client.

Investments in Debt Securities Generally. Capital IP expects that a substantial portion of each Advisory Client's assets will be invested in senior secured loans and other debt and debt-related instruments, which are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default on the payment of principal and/or interest on a debt instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. Interest rate changes may affect the value of a debt instrument indirectly (particularly in the case of instruments the rates of which are adjustable) and directly (particularly in the case of fixed rate securities). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Investments in Small- and Mid-Cap Companies. The Advisory Clients generally will invest in mid-to-late-stage companies, which are likely to involve a substantial degree of risk. An Advisory Client may lose its entire investment in a portfolio company in the event of a default. As compared to larger companies, small- and mid-cap companies typically have shorter operating histories; may have more limited product lines, markets and financial resources; may be more dependent on a smaller management group; may have smaller market shares; may have less predictable operating results; may be engaged in rapidly changing businesses; may be dependent on products subject to a greater risk of obsolescence; may be subject to other factors that may cause such companies to be affected to a greater extent by general economic trends and specific changes in markets, products and technology, and to be more vulnerable to the actions of competitors; or may be subject to less regulation (including because such companies are generally more likely to be privately held).

Failure to Syndicate. The Advisory Clients may originate loans with the intention of selling a portion of the that interest in such loan to co-investors and/or third parties. In the event that the Advisory Client does not or is unable to syndicate a loan or loans, the Advisory Client may be forced to retain larger amounts of such loan or loans than originally intended. In such event, the Advisory Client's investment portfolio could become significantly concentrated in a particular loan or loans.

Risk of Borrower Default. The return of principal of the Advisory Clients' loans will depend in large part on the asset or enterprise value as well as the financial strength of the borrowers of such loans. The Advisory Clients will originate and invest in loans with borrowers which may not be cash flow positive and/or may not have generated substantial revenue at the time of the Advisory Client's investment therein. Capital IP intends to monitor on an ongoing basis the asset and enterprise value of borrowers of loans in which the Advisory Clients will invest. If there is a default by the borrower under any of the Advisory Clients' loans, the general partners of such Advisory Clients will, under most circumstances, have contractual remedies pursuant to the loan agreements, potentially including the sale of collateral. However, exercising such contractual rights may involve delays or costs, and any available collateral may prove to be unsaleable or saleable only at a price less than the loan amount, which could result in a loss to the Advisory Client. A default by a borrower under any of the Advisory Clients' loans may result in an Advisory Clients being unable to liquidate such loans prior to the termination of the Advisory Client (including in connection with any necessary restructuring of such loans). As a result, upon the termination of an Advisory Client, the Limited Partners therein may receive in-kind distributions in respect of such loans.

Due Diligence. Before making investments, the general partner of the applicable Advisory Client intends to conduct due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances. When conducting due diligence, the Advisory Clients generally will evaluate a number of important business, financial, tax, accounting, environmental, regulatory and legal issues in determining whether or not to proceed with an investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, such general partner will be required to rely on resources available to it, including information provided by potential borrowers, private equity and venture capital investors, and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information, particularly with respect to less-established companies. Accordingly, Capital IP cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. There may exist significant divergence in the terms of legal documentation used in relation to the types of loans expected to be made by the Advisory Clients, and it may be the case that the terms of that documentation do not create the senior secured loans that were intended to be created. For example, the loans may be unsecured, whether because of legal limitations or a failure to create a perfected senior security, or may be subordinated to the claims of other creditors. Any failure by Capital IP to identify relevant facts through the due diligence process may cause it to make unfavorable investment decisions, which could have a material adverse effect on the Advisory Clients. Due diligence may also be costly, which will decrease the Advisory Clients' overall returns.

Enforcement Delays. The terms of Advisory Clients' investments may provide that the Advisory Client is not able to bring an enforcement action against the relevant borrower until a prescribed period after a default by that borrower has elapsed. The financial strength of the borrower may, however, continue to deteriorate during this standstill period, thereby potentially affecting the Advisory Client's ability to recover all (or any) of its investment.

Fraud, Misrepresentation or Omission by a Borrower. The value of an investment made by the Advisory Clients may be affected by fraud, misrepresentation or omission on the part of the borrower to which the loan relates, by parties related to the borrower or by other parties to the loan (or related collateral and security arrangements). Such fraud, misrepresentation or omission may adversely affect the value of the collateral underlying the loan in question or may adversely affect the Advisory Client's ability to enforce its contractual or other rights under the loan or for the borrower of the loan to repay the loan or interest on it or its other debts.

Lender Liability. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely because of the nature of the Advisory Clients' investments, the Advisory Clients could be subject to lender liability claims. Any such claim, if determined adversely to an Advisory Client, could have a material adverse effect on the Advisory Client's returns to investors. In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of certain of the Advisory Client's investments, the Advisory Clients could be subject to claims from creditors of an obligor that Advisory Client investments issued by such obligor that are held by the Advisory Clients should be equitably subordinated. In a portion of the Advisory Clients' investments, the Advisory Client may not be the lead creditor. Accordingly, it is possible that lender liability or equitable subordination claims affecting the Advisory Client's investments could arise without the direct involvement of the Advisory Client.

Illiquidity of Advisory Client Investments. A substantial portion of Advisory Clients' investment portfolios are expected to consist of illiquid loans to public and non-public companies. In addition, these borrowers typically have not received any form of credit rating. There exists little or no secondary market for such loans, particularly in periods of market stress. As a result, the Advisory Clients will likely be required to hold certain of their loans to maturity. Upon dissolution of the respective Advisory Client, distributions may include non-marketable securities or other assets of the applicable Advisory Client. Any such securities or other assets are likely not to be readily

disposable and, accordingly, a Limited Partner must be prepared to bear the risks of holding any such securities or other assets for an indefinite period of time.

Competition for Investment Opportunities. The Advisory Clients will operate in a highly competitive market for investment opportunities. The Advisory Clients will compete for investments with various other investors, such as other public and private funds, commercial and investment banks and commercial finance companies. The lending, investment and securities industries, the various financial markets in which Capital IP participates, and the varied strategies and techniques engaged in by Capital IP are extremely competitive and each involves a high degree of risk. Capital IP and the Advisory Clients will compete with firms, including many of the larger lending, securities and investment banking firms, which have substantially greater financial resources and research staffs. Other funds may have investment objectives that overlap with the Advisory Clients', which may create competition for investment opportunities. Some competitors may have a lower cost of funds and access to funding sources that are not available to the Advisory Clients, and may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships.

Concentration of Advisory Client Investments. Subject to the Advisory Clients' respective investment limitations, the Advisory Clients investment portfolios may be concentrated, for example, in a limited number or type of financial instruments or in a narrow selection of issuers, strategies, sub-sectors or geographic regions. Such concentration of investment and risk may expose the Advisory Clients to losses disproportionate to those incurred by the market in general if the areas in which the Advisory Clients' investments are concentrated are disproportionately adversely affected by price movements. In the event that an Advisory Clients does not achieve its target aggregate subscriptions, the Advisory Clients investment portfolio could be limited to a small number of investments, exposing Limited Partners to the risk of greater losses in the event of the impairment of one or more of such investments.

Creation and Perfection of Security Interests. It is intended that the Advisory Clients will have a significant focus on senior secured loans, and the collateral and security arrangements in relation to such loans will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by a borrower under a loan, such as, for example, thin capitalization, over-indebtedness, financial assistance and corporate benefit requirements. If the loans in which the Advisory Clients invest do not benefit from the expected collateral or security arrangements, this may affect the value of the investments made by the Advisory Clients.

Inadequate Collateral or Security. If a default were to occur in relation to a loan in which an Advisory Client has invested, and the Advisory Client exercises its rights to enforce the collateral or security arrangements that support the loan, the value of recoveries under those arrangements may be smaller than the value of the Advisory Client's investment in the loan (whether due to external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions or otherwise). In the event of any default on the Advisory Client's investments by a borrower, the Advisory Client will bear a risk of loss of principal and accrued interest on the loan, which could have a material adverse effect on the Advisory Client's investment. In the case of secured loans, foreclosure can be an expensive and lengthy process

which could have a material negative effect on the Advisory Client's anticipated return on the foreclosed loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This could substantially reduce the Advisory Client's anticipated return on the foreclosed loan. The level of defaults in an Advisory Client's investment portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions.

Effect of Bankruptcy, Reorganizations and Restructurings. The Advisory Clients may make loans to companies that become involved in bankruptcy proceedings or restructurings or that experience financial difficulties. A bankruptcy filing may adversely and permanently impact the value of a company and can involve very high administrative costs that may impair the value of the company. Under certain circumstances, payments to the Advisory Clients may need to be restored to the company if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. As a result, Limited Partners may be required to return distributions to the Advisory Clients. Furthermore, investments in distressed companies and restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims. There are many significant risks inherent in the bankruptcy process, including, for example, the potentially harmful effects of litigation between the creditors and the debtor, the duration of the bankruptcy proceeding, and the tangible and intangible costs to the debtor, including the potential adverse effects on personnel and business relationships and operations. The company may lose its market position and key employees and otherwise become incapable of restructuring itself as a viable entity. If the bankruptcy proceeding is converted to a liquidation, the liquidation value of the company may not be equal to the liquidation value that was believed to exist at the time of the investment. The duration of bankruptcy proceedings is difficult to predict. A creditor's return on the investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. The administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. If a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs.

Investments in Equity Securities. The Advisory Clients may hold equity securities or derivatives issued thereon, including such securities issued by, or written with respect to, those companies (or their affiliates) to which the Advisory Client has made loans. Such equity securities and derivatives may take various forms, including, but not limited to, common stock, preferred stock, warrants, convertible securities, equity options and other equity or hybrid equity securities. Equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the directors of the issuer, out of the issuer's income or other assets available, if any, after making interest, dividend and any other required payments on more senior securities of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. In the event of a liquidation of the issuing company, holders of convertible securities would be paid after the company's creditors but before

the company's common stockholders. Consequently, the issuer's convertible securities generally may be viewed as having more risk than its debt securities, but less risk than its common stock. In general, options, warrants, stock purchase rights and other similar instruments are securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and they do not represent any rights in the assets of the issuer. As a result, options, warrants, stock purchase rights and other similar securities or instruments may be considered more speculative than other types of equity investments. In cases where the Advisory Client has both made a loan to and purchased or otherwise received equity securities issued by a portfolio company or its affiliates, the interests of the Advisory Client as both creditor and stockholder in the same capital structure may not be aligned.

Reliance on Portfolio Company Management; Lack of Control Rights. The day-to-day operations of each portfolio company will be the responsibility of such portfolio company's management team. Although Capital IP will seek to monitor the performance of each portfolio company, will seek to negotiate appropriate lenders' rights and controls, and generally intend to invest in portfolio companies operated by capable management teams, there can be no assurance that appropriate control and other rights will be secured in negotiations and/or that the existing management team or any successor management team will be able to operate any such portfolio company in accordance with the respective Advisory Client's expectations.

Follow-on Investments. Subject to certain limitations set forth in the respective Advisory Client Agreement, the Advisory Clients may be called upon to provide follow-on funding for their portfolio companies or have the opportunity to increase its investment in or loan to portfolio companies. There can be no assurance that the Advisory Clients will desire to make such follow-on investments or that the Advisory Clients will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment.

Custodial Risk. There are risks involved in dealing with any custodians who hold Advisory Client assets. It is expected that all cash and other non-loan assets deposited with custodians will be clearly identified as being assets of the Advisory Clients. However, it may not always be possible to achieve this segregation and there may be practical or timing problems associated with enforcing the Advisory Clients' rights to their assets in the case of an insolvency of any custodian.

Risks from the Provision of Managerial Assistance. An Advisory Client may become the majority owner of operating companies, including having the power to designate directors and/or non-executive chairmen to serve on such companies' boards of directors. A board member designated by the Advisory Client will likely have fiduciary duties to persons other than the Advisory Client. The designation of directors and other measures contemplated could expose the assets of the Advisory Client to claims by a portfolio company, its security holders and its creditors for breaches of fiduciary duties, securities claims and other director-related claims. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability for which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to occur, an Advisory Client could suffer losses in its investments. While the applicable general partner of an Advisory and Capital IP intend to maintain appropriate directors

and officers insurance and manage an Advisory Client in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Product Risks Generally. The ability of the Advisory Clients to generate returns for Limited Partners may depend in part on the success of portfolio company products (the “**Products**”) underlying the Advisory Clients’ investments. To the extent any such risks described herein adversely affect sales of Products, potential returns for Limited Partners will, in turn, be adversely affected.

Technology Industry Risks. The Advisory Clients will invest predominately in companies operating in the technology industry, and related industries. Such companies are subject to numerous risks relating to the Products they develop, produce, market or otherwise deal in, and a rapidly evolving commercial, legal and political landscape. Each of those risks, among numerous other factors, could have a material adverse effect on certain portfolio companies, which could render any such portfolio company unable to satisfy its obligations to creditors (including the Advisory Clients) and in turn have a material adverse effect on the Advisory Clients’ returns.

Product Sales Risks. Sales from Products may be lower than their historical levels or lower than the amounts projected due to pricing pressures, insufficient demand, product competition, lack of market acceptance, obsolescence, safety or efficacy issues, loss of patent protection or other factors.

Product Competition. The technology industry, in which the Advisory Clients will invest, is highly competitive and rapidly evolving. Each Product is subject to competition from alternative products or procedures that are now available or may in the future be developed or become available. The Products face competition from existing products currently on the market, from the introduction of new products or procedures and from improvements to existing products, any of which may cause a Product to become more expensive than its competitors or obsolete, thereby decreasing the value of or rendering worthless the expected revenue stream on that Product. In certain cases, a portfolio company’s Products may rely on licenses from third-parties with whom the respective Advisory Client has no relationship. Sales of the Products and the portfolio company’s efforts at development, production, marketing and sale of the Products and the ability to maintain their competitive positions often rely, in part, on the strength and reputation of a Product’s brand name and underlying trademarks, trade names and related intellectual property. A portfolio company’s activities both in marketing the Products and in protecting its intellectual property are outside the control of the Advisory Clients. A portfolio company’s failure either to market the Products actively or to diligently protect its intellectual property rights could reduce its competitive position.

Risks From Technological Innovations and Industry Disruption. Significant new technological innovations, including artificial intelligence and machine learning, appear likely to disrupt existing technologies and approaches in multiple industries. Markets and market practices may suffer significant dislocations as a result. Capital IP can provide no assurance that new businesses and approaches will not emerge to compete with Advisory Clients’ portfolio companies or alter the practices on which Capital IP and its Advisory Clients depend for investment return. New approaches could damage Advisory Clients’ investments, disrupt the market in which our investments operate and subject our business and investments to increased competition. These

developments could materially and adversely affect Capital IP's business, financial condition and results of investments.

Capital IP may, subject to internal policies, use artificial intelligence or machine learning in connection with its business activities, including investment activities. The use of artificial intelligence and machine learning carries with it certain risks, including the risks that inputs include confidential or personally identifiable information and that outputs contain inaccuracies and errors. The applications of artificial intelligence and machine learning, including those in the investment and financial sectors, continue to develop rapidly, and it is impossible to predict all of the future risks that may arise from such developments. Capital IP cannot control the use of artificial intelligence or machine learning in Advisory Clients' portfolio companies or third-party products or services and therefore could be exposed to associated risks if portfolio companies, third-party service providers or any counterparties use artificial intelligence or machine learning in their business activities.

Technology Development-Related Risks. The Advisory Clients are expected to acquire some interests in portfolio companies with Products undergoing technology development (software and hardware). There can be no assurance that any such technology development will be successful or that such Products will be brought to market timely or at all, or that failure of such Products to develop the intended technology will not have a material adverse effect on returns to Limited Partners.

Healthcare Product-Development Risks. The Advisory Clients may acquire some interests in healthcare-related Products undergoing development or clinical trials that have not yet received marketing approval from any regulatory authority. There can be no assurance that the FDA, the European Agency for the Evaluation of Medicinal Products ("EMA") or other regulatory authorities will approve such Products, that such Products will be brought to market timely or at all. The process for obtaining FDA and other required regulatory approvals, including the required preclinical and clinical testing, remains lengthy, costly, and uncertain. There can be no guarantee that, even after such time and expenditures, an Advisory Client's portfolio company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities. If a portfolio company is unable to obtain these approvals in a timely fashion, or if after approval for marketing, a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the portfolio company may experience significant adverse effects in its business, sales and profitability, and returns to the Limited Partners may be reduced.

Product Liability Claims May Diminish Revenues. The manufacturers, developers or marketers of the portfolio companies and their Products, in which the Advisory Clients may invest, could become subject to product liability claims. Although Capital IP believes neither it nor the Advisory Clients will bear responsibility in the event of a product liability claim against the company manufacturing, marketing and selling the underlying products, there can be no assurance that such claims would not materially and adversely affect the Advisory Clients.

Third-Party Reimbursement. Commercialization, adoption and sales of current and future healthcare-related Products are dependent, in part, on the extent to which the costs of the Products will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by local, state and federal governments, private insurance plans, and other third-party payers. These third-party payers may not provide reimbursement for certain uses of Products, and may challenge the prices charged for healthcare products and services for which they provide reimbursement. Furthermore, if these third-party payers do not consider the Products to be cost-effective, they may not reimburse providers of the Products or, if they do, it may be at lower levels or reduced prices. If reimbursement for any of the Products is adversely changed or is inadequate, healthcare providers may limit how much or under what circumstances providers will prescribe or administer such Products, which could reduce the sales or profits from the Products, thereby materially and adversely affecting an Advisory Client's investments.

Withdrawal Risks. After regulatory approval and introduction into the market, a healthcare Product may still be subject to withdrawal from the market at the request or direction of the FDA or any other U.S. or non-U.S. regulatory body due to safety concerns. The manufacturer or marketer of a Product may voluntarily withdraw the Product from the market for medical, technical, regulatory, commercial or other reasons. There can be no assurance that a Product will not be withdrawn by the manufacturer or marketer, on its own, or at the request or direction of the FDA or any other regulatory body.

Generic or Other Substitutes. Although the healthcare-related Products are expected to be based upon patents and/or patent applications with exclusive rights, a regulatory authority may authorize marketing by a third party for a generic or other substitute for a Product, in which case the Product would become subject to additional competition. Governmental and other pressures to reduce healthcare costs, including from third-party payers such as health maintenance organizations and health insurers, could result in physicians or pharmacies using generic or other substitutes for the Products.

Healthcare Intellectual Property Rights. The values of healthcare-related companies are often dependent on the development, protection and exploitation of intellectual property rights and other proprietary information, and the profitability of pharmaceutical companies may be significantly affected by such things as the expiration of patents or the loss of, or the inability to enforce, intellectual property rights.

Product Liability Claims May Diminish Revenues. The manufacturers, developers or marketers of certain Products could become subject to product liability claims. A successful product liability claim could adversely affect the sales of a Product and the performance of an Advisory Client's investment in a portfolio company. Although Capital IP believes neither it nor the Advisory Clients will bear responsibility in the event of a product liability claim against any portfolio company manufacturing, marketing and selling the underlying Products, there can be no assurance that such claims would not materially and adversely affect Advisory Clients or their investments.

Manufacturing and Supply Risk. Healthcare products are typically manufactured in specialized facilities that require the approval of, and ongoing regulation by, the FDA in the United States and,

if manufactured outside of the United States, foreign regulatory agencies. With respect to those Products, to the extent operational standards set by such agencies are not adhered to, manufacturing facilities may be closed or the production of such Products interrupted until such time as any deficiencies noted by such agencies are remedied. Any such closure or interruption may interrupt, for an indefinite period of time, the manufacture and distribution of a Product.

In addition, manufacturers of such Products may rely on third parties to package their Products or to supply bulk raw material used in the manufacture of the Products. In the United States, the FDA requires that all suppliers of pharmaceutical bulk materials and all manufacturers of pharmaceuticals for sale in or from the United States achieve and maintain compliance with strict regulations and guidelines. Furthermore, companies in the healthcare industry generally rely on a small number of key, highly specialized suppliers, manufacturers and packagers. Any interruptions, however minimal, in the operation of these manufacturing and packaging facilities could have a material adverse effect on Product sales.

Healthcare Portfolio Product Risks. The ability of healthcare-focused portfolio companies to maintain the value of Products is subject to numerous risks. For example, the length of any Product's commercial life cannot be predicted. There can be no assurance that any Product on which a portfolio company depends will not be rendered obsolete or non-competitive by new products or improvements made to existing products, either by the current marketer of the product or by another marketer, which would decrease the value of, or render worthless, the Product and any expected revenue streams.

Dependence on Single Products. Certain portfolio companies may only have one Product under development. The failure of such Product to achieve commercial success within a reasonable timeframe could be damaging to the prospects of that portfolio company. As discussed above, with respect to healthcare, there can be no assurance that any Product will be approved for marketing by the FDA or any other U.S. or non-U.S. regulatory agency.

Healthcare Products Are Subject to Sales and Third-Party Distribution Risks. Healthcare Product sales may be lower than expected due to a number of reasons, including pricing pressures, insufficient demand, competition, failure of clinical trials, lack of market acceptance, changes in the marketer's strategic priorities, obsolescence, lack of acceptance by government healthcare programs or private insurance plans, loss of patent protection, government regulations or other factors. Development-stage Product candidates may fail to reach the market. Unexpected side effects, safety or efficacy concerns can arise with respect to a Product, leading to recalls, withdrawals, declining sales or litigation. As a result, Capital IP can provide no assurance that any Product in which an Advisory Client invests will achieve a stated financial forecast.

In addition, certain portfolio companies may rely upon third-party service providers for the commercialization and marketing of any Product. There can be no assurance that these third-party service providers will be retained by portfolio companies, or that these service providers will perform services effectively. The absence or inability of a portfolio company to retain a third-party service provider for commercialization and marketing of any Product could have a material adverse effect on Product sales and the value of any portfolio company. In addition, there are no assurances that any third-party service providers retained by portfolio companies will perform and

execute any commercialization and marketing strategy successfully, which could result in a material adverse effect on Product revenues and the value of a portfolio company.

U.S. Patient Protection and Affordable Care Act; Other Changes to Healthcare Industry. The U.S. Patient Protection and Affordable Care Act (“PPACA”) put in place comprehensive health insurance reforms to (a) introduce various patient-consumer rights and protections and (b) lower healthcare costs, including by means of taxes on certain insurance plans. Any changes to the PPACA, including as to the manner and timing of its implementation, or further regulations issued pursuant to the PPACA, could have adverse consequences to the healthcare industry and therefore adversely affect certain portfolio companies of Advisory Clients. Capital IP believes that the healthcare industry is likely to continue to change as the public, government, medical practitioners and the healthcare industry focus on ways to expand medical coverage while controlling the growth in healthcare costs. Furthermore, there has periodically been some political sentiment in support of additional government intervention in the pricing of pharmaceuticals and medical devices. Any change in those pricing policies, or the relative availability and affordability of health insurance through government intervention, could have a material effect on the performance of certain healthcare-related Products and the portfolio companies that develop and sell them.

Healthcare International Operations. The international operations of many healthcare-related companies expose them to risks associated with political and economic instability, conflict, foreign currency fluctuations, changes in foreign regulations and other risks inherent to international business.

Maintenance, Enforcement and Defense of Patent Rights. The Advisory Clients’ right to receive payments from its investments may depend on the existence of valid and enforceable claims of registered and/or issued patents in the United States and elsewhere throughout the world. The Advisory Clients may be dependent on patent protection for the Products in which it owns an interest and on the fact that the development, marketing and selling of such Products does not infringe intellectual property rights of third parties. In most cases, the Advisory Clients have no ability to control the prosecution, maintenance, enforcement or defense of patent rights, but must rely on the willingness and ability of third parties to do so. While Capital IP believes that the parties required or entitled to maintain, enforce and defend the underlying patent rights are in the best position and have the requisite business and financial motivation to do so, there can be no assurance that these third parties will vigorously maintain, enforce or defend such rights. Even if such third parties seek to maintain, enforce or defend such rights, they may not be successful. Any failure to successfully maintain, enforce or defend such rights would have a material adverse effect on the respective investment and on the Advisory Clients. The Advisory Clients could incur substantial litigation costs if it is necessary to assert their interest in intellectual property or contractual rights, or to participate in patent suits brought by third parties.

In certain jurisdictions such as the United States, a licensee need not break or terminate its license agreement before seeking a declaratory judgment from a court that the underlying patent is invalid, unenforceable, or not infringed. Patent law is constantly evolving in both the courts and legislation. Changes in the legislation and case law may further alter the degrees of protection against the use of a patented invention by others. A portion of the revenue of the Advisory Clients will be relating to Product sales outside of the United States. Such foreign jurisdictions have differing procedures

for obtaining patents, and may provide differing degrees of protection against the use of a patented invention by others. Sales of the Products in foreign jurisdictions may be subject to additional risks, which may differ in each jurisdiction in which the Products are sold and which may include the burdens and costs of compliance with a variety of foreign laws and political and economic instability. Therefore, the ability or willingness of the marketers and/or patent owners or their licensees to protect or enforce intellectual property rights in foreign jurisdictions may be limited.

Third-party competitors may challenge the scope, validity or enforceability of the patents relating to the Products in court, and, as a result, the marketer and/or patent owner or their licensees may engage in complex, lengthy and costly litigation and, in some cases, may stop selling the relevant Product. In some cases, the marketer and/or patent owner or their licensees may decline to defend or enforce the patents related to the Product. Even if such marketer and/or patent owner or their licensees seek to defend or enforce the patents relating to the Product, they may not be successful. Alternatively, competitors may be able to design around such patents and compete with the Products. If any of the patents relating to the Products are infringed, challenged or circumvented, there can be no assurance that the enforcement or defense of the rights relating to such patent or any other actions taken to mitigate such events will be successful. There can be no assurance that investigation by a challenger of a patent would not uncover any evidence, such as prior art references, that could have an adverse effect on the scope, validity or enforceability of any of the patents relating to the Products.

Infringement of Third-Party Patents. The commercial success of the Products depends, in part, on avoiding infringement of the proprietary technologies of others. Third-party-issued patents or patent applications claiming subject matter necessary to manufacture and market the Products could exist. Such third-party patents or patent applications may include claims directed to the mechanism of action of the Products. There can be no assurance that a license would be available to a portfolio company for such subject matter if such infringement were to exist or, if offered, would be offered on reasonable and/or commercially feasible terms. Without such a license, it may be possible for third parties to assert infringement or other intellectual property claims against the portfolio company based on such patents or other intellectual property rights. An adverse outcome in infringement proceedings could subject the portfolio company to significant liabilities to third parties, require disputed rights to be licensed from third parties or require the portfolio company to cease or modify their marketing and distribution of the Products.

Trade Secrets. The Advisory Clients' right to receive payments in respect of their portfolio companies will depend, in part, on trade secrets, know-how and technology, which are not protected by patents, to maintain the portfolio company's competitive position. This information is typically protected through confidentiality agreements with parties that have access to such information, such as collaborative partners, licensors, employees and consultants. Any of these parties may breach the agreements and disclose the confidential information or competitors might learn of the information in some other way.

Investment Concentration Risk. A significant portion of the Advisory Clients' investments are expected to be concentrated in securities issued by technology companies, causing the Advisory Clients to have significant exposure to companies in those industries. These companies will generally be less seasoned and the value of their securities and assets will tend to be more illiquid

and volatile than the securities and assets of more mature companies. As a result, events affecting these companies – for example, intellectual property issues (including litigation over proprietary rights to technology or an inability to adequately protect intellectual property rights), product roll-out delays or failures, rapid obsolescence, constant technical innovation, shifting technical standards and consumer preferences, disproportionately large research budgets, marketing expenses and market penetration by competitors and the inability to attract and retain qualified technical and managerial employees – may affect the value of the Advisory Clients' portfolio more than they would likely affect a portfolio that was not similarly concentrated. The Advisory Clients may, therefore, be subject to more volatility and a greater risk of loss than a more broadly diversified private equity fund that focuses on a broader array of industries.

Long-Term Investment. An investment in an Advisory Client is a long-term commitment, and there is no assurance of any distribution to the Limited Partners.

Lack of Operating History. Each Advisory Client is expected to be a new investment partnership with no prior operating history. Past investment performance of the principals of the Capital IP does not ensure future performance for the Advisory Clients. Any prior investment results of Capital IP and the prior track record of the investment professionals are provided for illustrative purposes only and are not indicative of the Advisory Clients' future investment results. Limited Partners could lose money in connection with their investment in the Advisory Clients.

Limited Transferability of Limited Partner Interests; Withdrawals. An investment in the Advisory Clients should be viewed as illiquid. The Advisory Clients' Governing Documents and applicable securities laws will impose substantial restrictions upon the transferability of limited partnership or similar interests. There is no public or other market for the interests, and it is not expected that such a market will develop. Withdrawal of Limited Partners from the Advisory Clients generally will not be permitted, although the Advisory Clients' Governing Documents may specify certain circumstances under which a Limited Partner may be entitled, or required, to withdraw from the Advisory Client. A withdrawn Limited Partner may not be entitled to immediate payment for its interest in the Advisory Client. Any withdrawal of a Limited Partner may reduce the amount of Advisory Client capital available for investment or other activities.

Effect of Limited Partner Death, Dissolution or Bankruptcy. To the maximum extent permitted by law, upon the death, incompetence, bankruptcy, insolvency, liquidation or dissolution of a Limited Partner, the rights and obligations of such Limited Partner will inure to the benefit of, and will be binding upon, such Limited Partner's successor(s), estate or legal representative. Each such person will be treated as an assignee that has not been admitted to the respective Advisory Client as a substituted Limited Partner as further set forth in the Governing Documents.

Leverage. The Advisory Clients, directly or indirectly at the level of a portfolio company, may engage in leverage subject to the limitations set forth in the applicable Governing Documents. In particular, portfolio companies to which the Advisory Client makes a loan or other investment may borrow in some cases without limitation. While leverage presents opportunities to increase the Advisory Clients' total return, it has the effect of potentially increasing losses as well. If the income of such portfolio companies is less than the required interest payments on the borrowings, the value of the portfolio companies, and thus of the Advisory Clients' net assets, may decrease or, in

extreme cases, the lender could foreclose on the portfolio company and the Advisory Client could suffer a total loss. In certain cases and subject to the applicable limitations in the applicable Governing Documents, the Advisory Client may guarantee borrowings by portfolio companies. Such guarantees could result in additional losses for the Advisory Client with respect to such portfolio companies and could cause the Advisory Client to reserve cash to support such guarantees that it might otherwise use for different purposes. Accordingly, any event that adversely affects the value of an investment by the Advisory Clients may be magnified to the extent that a portfolio company in which the Advisory Clients invest is leveraged.

General Economic and Political Conditions: Changes in Environment. Changes in legal, tax, fiscal and regulatory regimes may occur during the respective lives of the Advisory Clients that may have an adverse effect. The Advisory Clients may not be permitted to, or be able to, adjust in their structure or investment program in order to adapt to such changes. The general partner of each Advisory Client will have the exclusive right and authority (within the limitations set forth in the applicable Governing Documents) to determine the manner in which the Advisory Clients will respond to such changes, and Limited Partners generally will have no right to withdraw from the Advisory Clients or to demand specific modifications to the Advisory Clients' operations in consequence thereof. Interest rates, inflation, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Advisory Clients. Instability in the securities markets may affect the value of the Advisory Clients' portfolio company investments, as well as the length of time such investments are held. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the Advisory Clients. Political unrest, war and acts of terrorism may also increase the risks inherent in the Advisory Clients' investments. Due to the illiquidity of the Advisory Clients' investments, the Advisory Clients will have limited ability to adapt to any such changes in the economic environment or mitigate any corresponding losses. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by the Capital IP principals in the past may not be successful, or even practicable, during the Advisory Clients' respective terms. Within the limitations set forth in the Advisory Clients' Governing Documents, each respective general partner will have the right and authority to cause the Advisory Clients' investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described herein.

Regulated Businesses. Companies in which the Advisory Clients invest will be in regulated industries. Changes in regulations applicable to such companies could have a negative impact on their businesses and operations.

Reliance on Individual Principals. The Advisory Clients will be particularly dependent upon the efforts, experience, contacts and skills of the individual members of the investment team of Capital IP and in particular its principals. The loss of any such individual could have a material adverse effect on the Advisory Clients, and such loss could occur at any time due to death, disability, resignation or other reasons. Moreover, except as specifically provided in the respective Governing Documents, the principals and any other members of the investment team will not be required to

devote their time and attention exclusively to the Advisory Clients and may be engaged in some activities unrelated to the Advisory Clients, including making and supervising investment professionals and other Capital IP-sponsored investments, including successor funds. Additional investment professionals may be admitted to the applicable general partner following the Advisory Clients' initial closings and the Limited Partners generally will have no power to prevent any specific person from being admitted to such general partner at any time. Within each general partner, the economic, voting and other rights of the individual investment professionals of each general partner will generally be determined by agreement among such persons and will be subject to change from time to time. The Limited Partners will not be permitted to evaluate investment opportunities or relevant business, economic, financial or other information that will be used by Capital IP or the applicable general partner in making decisions. Except as specifically provided in the respective Governing Documents, the applicable general partner will have the exclusive right and power to manage the Advisory Clients' business and affairs.

Any prior experience that the Capital IP principals and the other investment professionals of Capital IP may have in making investments of the type expected to be made by the Advisory Clients necessarily was obtained under different market conditions, in a different regulatory environment and with different technologies at the forefront of development. There can be no assurance that the Advisory Clients will be able to duplicate prior levels of success.

Capital IP may appoint or admit certain persons to advisory or other committees or boards intended to assist a general partner of an Advisory Client by providing advice, industry contacts, deal flow, technical expertise or other benefits. Under most circumstances, such persons will have no contractual or other obligation to continue as members of such committees or boards or to provide any particular benefits. In evaluating an investment in the Advisory Clients, prospective investors should not depend upon any specific benefits accruing to the general partners or the Advisory Clients in respect of any such advisory or other committees or boards or the members thereof. Similar considerations apply to persons identified as operating partners or venture partners, who generally will have no obligation to provide any particular services to a general partner or the Advisory Clients.

Reliance on Third Parties. The applicable general partners and the Advisory Clients will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Advisory Clients could have a material adverse effect upon the Advisory Clients.

Limited Partner Defaults. Limited Partners generally will not contribute the full amount of their respective subscriptions to the Advisory Clients at the time of their admission to the respective Advisory Client. Instead, they may be required to make incremental contributions pursuant to capital calls issued by each Advisory Client's general partner from time to time. Limited Partners that fail to satisfy capital calls in a timely manner generally will be subject to significant penalties as set forth in the relevant Governing Documents. Nevertheless, Limited Partners may default upon capital calls for a variety of reasons including their own insolvency, bankruptcy or subjective determination that default is more attractive than compliance. In addition, under certain circumstances, some Limited Partners may be excused from making capital contributions under

the terms of the relevant Governing Documents or applicable law. Any failure by Limited Partners to make timely capital contributions in respect of their subscriptions may impair the ability of the Advisory Clients to pursue their investment programs, force the Advisory Clients to borrow, or cause other damage.

Reserves. In managing the Advisory Clients, the applicable general partner will establish reserves for follow-on investments in portfolio companies, operating expenses (including management fees payable to Capital IP or an affiliate), fund liabilities and other matters. Estimating the amount necessary for such reserves will be difficult, particularly because follow-on investment opportunities will be directly tied to the success and capital needs of portfolio companies. As set forth in the relevant Governing Documents, the applicable general partner's authority to cause the Advisory Clients to borrow will be strictly limited; this will further increase the difficulty of estimating the proper size of reserves. Inadequate or excessive reserves could have a material adverse effect upon the investment returns to the Limited Partners. For example, if reserves are inadequate, the Advisory Clients may be unable to take advantage of attractive follow-on or other investment opportunities or to protect their existing investments from dilutive or other punitive terms associated with a "pay-to-play" or similar investment round. If reserves are excessive, the Advisory Clients may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts. Further, the allocation of investment opportunities among the Advisory Clients may depend on their respective reserves at the time of allocating the opportunity, possibly resulting in lower returns if any of such reserves were later determined to be inadequate or excessive.

Dilution Due to Subsequent Closings. Following the Advisory Clients' initial closings, the applicable general partner generally will be authorized to admit additional Limited Partners (or accept increased Subscriptions from existing Limited Partners). In consequence, additional Limited Partners (or existing Limited Partners that increase their capital commitment) may effectively "buy into" the Advisory Client at a price that does not necessarily reflect changes in the value of the respective Advisory Client's assets subsequent to the initial closing.

Special Caution for Investors in Second or Later Closings. It is expected that, following the Advisory Clients initial closings, the Advisory Clients will engage in a variety of investment and investment-related activities. In connection with such activities, the Advisory Clients and their respective general partners likely will obtain confidential information regarding actual or potential portfolio companies. Each general partner and the Advisory Clients generally will not disclose such information to prospective Advisory Client investors in connection with their consideration of an investment in the Advisory Clients. As a more general matter, any person considering an investment in the Advisory Clients (including an existing Limited Partner that is considering an increase to its capital commitment) subsequent to the Advisory Clients' initial closing should assume that the respective general partners and the Advisory Clients will be in possession of information (such as information relating to actual or prospective portfolio companies, to actual or prospective Limited Partners, or to other matters arising subsequent to such initial closing), which information both: (x) would be material to such person's evaluation of an investment in the Advisory Clients; and (y) will not be disclosed to such person by a general partner or the Advisory Clients in connection with such evaluation.

Under some circumstances, a person considering an investment in the Advisory Clients may be provided with copies of the Advisory Clients' financial statements for periods following the initial closing. Any such person is cautioned that it will be inherently difficult to determine the value of private company securities held by the Advisory Clients and that, accordingly, it would be inappropriate to interpret any information set forth in such statements as a representation or warranty regarding the true fair market value of any such securities.

Equitable Adjustments upon Subsequent Closing. If, prior to the acceptance of any additional subscription, an Advisory Client has made a distribution, a general partner may make such equitable adjustments to the amounts to be contributed by, and/or distributed among, all or some of the partners as the General Partner determines in good faith are necessary or appropriate to provide each partner with an economic interest in the Advisory Client determined, except as otherwise provided in the relevant Governing Documents (including, but not limited to, relating to "interest-equivalent amounts"), as if each partner had been admitted to the Advisory Clients on their respective initial closing date with a subscription equal to that set forth in the books and records of the Advisory Client after such books and records have been revised to reflect such partner's admission or the increase in its subscription.

Capital Calls. Capital calls will be issued by the Advisory Clients from time to time at the discretion of such Advisory Clients' general partners, based upon such general partner's assessment of the needs and opportunities of the respective Advisory Client. To satisfy such calls, Limited Partners may need to maintain a substantial portion of their subscriptions in assets that can be readily converted to cash. Except as specifically set forth in the relevant Governing Documents, each Limited Partner's obligation to satisfy capital calls will be unconditional. Without limitation on the preceding sentence, a Limited Partner's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Advisory Client or upon any assessment thereof provided by the applicable general partner. Notwithstanding the foregoing, a general partner generally will not be obligated to call 100% of the Limited Partners' subscriptions during the Advisory Client's term.

Distributions in Kind. The Advisory Clients may, under limited circumstances set forth in the relevant Governing Documents, distribute portfolio company securities to the Limited Partners. Except as specifically provided in the relevant Governing Documents, such distributions will be made solely at the discretion of such Advisory Client's general partner. Distributed securities may be subject to a variety of legal or practical limitations on sale. In particular, immediately following a distribution of securities, trading volume may be insufficient to support sales by the Limited Partners without such sales triggering a price decline which makes it difficult or impossible for all Limited Partners to sell such securities at the distribution price. Nevertheless, the distribution price of such securities for purposes of making allocations and distributions among the Limited Partners will be established under the provisions of the relevant Governing Documents and will not be adjusted to reflect actual sale prices obtained by the Limited Partners.

Freedom of Information/Sunshine Laws. Under "freedom of information," "sunshine," "public records" and similar laws, certain governmental or other regulated entities, such as state universities and pension funds, may be required to publicly disclose confidential information regarding the Advisory Clients or their portfolio companies, notwithstanding contractual

obligations to the contrary. Any such disclosure could have a material adverse effect upon the Advisory Clients or their portfolio companies, and could even expose the Advisory Clients, such as Advisory Clients' general partners, or Capital IP's principals or other investment professionals to claims for damages brought by portfolio companies or other persons related thereto. Nevertheless, the relevant Governing Documents will not prohibit such entities from being admitted to the Advisory Client.

No Assurance of Confidentiality. As part of the subscription process and otherwise in their capacity as Limited Partners, investors will provide significant amounts of information about themselves to the Advisory Clients and their respective general partners. Under the terms of the relevant Governing Documents as well as applicable laws, such information may be made available to other Limited Partners, third parties that have dealings with the Advisory Clients, and governmental authorities (including by means of securities law-required information statements that are open to public inspection).

Functional Currency. The functional currency of the Advisory Clients will be U.S. dollars. Capital commitments of the Limited Partners, capital contributions and distributions of cash generally will be stated, made or payable in U.S. dollars. An investor whose functional currency is not U.S. dollars will bear risks associated with fluctuating currency exchange rates, particularly with regard to capital contributions that may not become due for several years.

Non-United States Investments. The Advisory Clients may invest in securities of non-U.S. portfolio companies. Such investments may present a variety of risks not presented by investments in U.S.-based portfolio companies, including risks associated with (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) political instability; and (vii) multiple taxing jurisdictions.

Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant non-U.S. risks due to the increasingly international nature of many financial services companies, which may, for example, (i) rely upon international locations for outsourcing of certain operations; (ii) seek alliances with non-U.S. parties; or (iii) seek non-U.S. customers. Any adverse change to the political, economic, military or social environments in the host countries of the Advisory Client's portfolio companies could have a significant adverse effect upon the operations or financial performance of the Advisory Clients.

Hedging Techniques. From time to time, the Advisory Clients may have investments that are publicly traded with shares that are illiquid and/or not freely tradable. Although the Advisory Clients are not expected to invest in derivative securities for speculative purposes, the applicable general partners may cause the Advisory Clients to engage in hedging techniques in an effort to maintain the value of such investments until the corresponding shares become liquid and freely tradable. The applicable general partner also may cause the Advisory Clients to enter into currency hedges with respect to investments denominated in non-U.S. currencies.

Investments in Public Companies. Some of the Advisory Clients' portfolio companies may become public companies following an initial public offering. Investments in public companies subject the Advisory Clients to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies from quarter to quarter, increased obligations to disclose information regarding such companies, limitations on the ability of the Advisory Clients to dispose of such securities at certain times (including due to the possession by the Advisory Clients or the respective general partners of material non-public information or trading restrictions applicable to representatives of such general partners or Capital IP serving on the board of directors and, by extension, the Advisory Clients), increased likelihood of shareholder litigation against such companies' board members, which may include representatives of the applicable general partner, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

Portfolio Company Management. Capital IP will monitor the performance of certain (but not all) investments through participation on the boards of directors of portfolio companies or through Board observer rights. In certain cases, the Advisory Clients will seek the right to designate a director to serve on the board of directors of portfolio companies. The Advisory Clients generally will not seek, and do not intend, to have any of its investments principals serve as officers or executives of any of the portfolio companies. Therefore, notwithstanding any rights the Advisory Clients may obtain with respect to participation on any portfolio company's board of directors, each portfolio company's management will be responsible for the operations of that company on a day-to-day basis. Although it is the intent of the Advisory Clients to invest in companies with operationally strong management, there can be no assurance that any existing management team, or any new one, will be able to successfully operate any such portfolio company.

Service on Boards of Directors, Material Non-Public Information. Investment professionals of the applicable general partner or Capital IP may serve as directors of portfolio companies. In their capacity as directors (or even simply by virtue of an Advisory Client's status as a significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties that adversely affect the Advisory Clients. For example, the Advisory Clients may be unable to sell or otherwise dispose of portfolio securities if a partner of the applicable general partner is in possession of material, non-public (i.e., "inside") information relating to the issuer thereof. Nevertheless, the relevant Governing Documents will not preclude such persons from serving as directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies. Conversely, the relevant Governing Documents will not require that such investment professionals serve as directors of portfolio companies, and there can be no assurance that a general partner will have a legal right to influence the management of any portfolio company or companies. In general, if there is a conflict between the fiduciary duties of such general partner or a partner thereof to a portfolio company and such person's fiduciary duties to an Advisory Client or the Limited Partners, such person's fiduciary duties to the portfolio company will prevail.

Industry Council. Capital IP or an affiliate of Capital IP may maintain one or more industry councils (each an "**Industry Council**") of experienced private equity and investment management executives to advise the Capital IP or the applicable general partner on certain industry trends, management and other matters. Any member of an Industry Council may be removed at any time. Notwithstanding any provision of the relevant Governing Documents, the activities of the Industry

Councils and each member thereof (acting in such capacity) will be limited to those permitted under the Delaware Act for persons who are not deemed to participate in the conduct of the business of the Advisory Clients and the members of the Industry Council will not constitute general partners of the Advisory Clients. To the maximum extent permitted by law, neither an Industry Council nor any member thereof (acting in such capacity) will have the power to bind the Advisory Clients or any authority to act for the Advisory Clients or on their behalf. To the maximum extent permitted by law, no member of an Industry Council will owe any fiduciary duty to the Advisory Clients or any Limited Partner solely as a result of such person's status as a member of an Industry Council. Members of an Industry Council may receive from the Advisory Clients reimbursements for any reasonable out-of-pocket travel expenses incurred in connection with their attendance at meetings of the Industry Council. Each Industry Council will have the authority to adopt rules and procedures not inconsistent with the relevant Governing Documents, relating to the conduct of its affairs.

Litigation Risks. In addition to those litigation risks described in the paragraphs regarding “*Effect of Bankruptcy, Reorganizations and Restructurings*” and “*Maintenance, Enforcement and Defense of Patent Rights*” above, the Advisory Clients will be subject to a variety of other litigation risks, particularly in consequence of the substantial likelihood that one or more portfolio companies will face financial or other difficulties during the term of the Advisory Clients' investments. For example, it is anticipated that the investment professionals of the Capital IP or a general partner may actively assist portfolio companies in differing capacities (including, without limitation, by serving as directors or advisors). The Advisory Clients also may participate in portfolio company financings at implicit portfolio company valuations lower than the valuations implicit in preceding rounds of financing, and/or vote portfolio company shares in a manner contrary to the interests of other shareholders. In the event of a dispute arising from any of the foregoing activities (or other activities relating to the operation of the Advisory Clients or a general partner), it is possible that the Advisory Clients, a General Partner or the investment professionals of Capital IP or such general partner may be named as defendants. Under most circumstances, the Advisory Clients will indemnify the applicable general partner and its investment professionals for any costs they incur in connection with such disputes. Beyond direct costs, such disputes may adversely affect the Advisory Clients in a variety of ways, including by distracting the applicable general partner and harming relationships between the Advisory Clients and their portfolio companies or other investors.

To the extent set forth in the relevant Governing Documents, Limited Partners may be required to return distributions previously received by them from the Advisory Clients, including for purposes of enabling the Advisory Clients to make indemnification payments to a general partner or other indemnified persons. More generally, Limited Partners may be required to return distributions previously received by them from the Advisory Clients to the extent required by applicable law.

Regulatory and Enforcement Risks. The Advisory Clients will be subject to a variety of securities laws and other types of governmental regulation in the United States and other jurisdictions that may limit the scope of its operations or impose material compliance costs and other burdens. While Capital IP believes that the Advisory Clients will not be subject to the registration requirements of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”), there can be no assurance that this belief is, or will continue to be, correct. If the Advisory Clients were

subject to such registration requirements, the Advisory Clients' performance could be materially adversely affected.

Regulation of the private investment funds industry, including regulation applicable to managers of funds such as Capital IP, has increased significantly in recent years. Compliance with regulations requires significant time and effort from Capital IP and its personnel. Capital IP or its affiliates and personnel may from time to time be subject to regulatory inquiries, examinations, investigations or enforcement actions that require significant time and attention from Capital IP personnel, including the principals, and that could distract from the management of the Advisory Clients' affairs. Enforcement actions and any resulting sanctions that have an adverse effect on Capital IP or such personnel could in turn have an adverse effect on the Advisory Clients. In certain cases, the Advisory Clients could become subject to regulatory investigation or enforcement actions that could involve significant cost to the Advisory Clients or otherwise adversely affect the Advisory Clients.

European Regulatory Risks. The European Alternative Investment Fund Managers Directive (the "AIFM Directive") entered into force on July 21, 2011, and was required to be implemented at member state level in the European Economic Area ("EEA") on or prior to July 22, 2013, although certain jurisdictions in the EEA intended to implement after that date. In addition, various jurisdictions continue to enact legislation and regulations to implement relevant provisions of the AIFM Directive. As these rules are new and continue to evolve and vary in part from jurisdiction to jurisdiction, their full impact on the Advisory Clients is uncertain. Within the member states of the EEA, Limited Partner interests of the Advisory Clients are not expected to be offered at the initiative of the applicable general partner or its affiliates, and, accordingly, the Advisory Clients, the General Partner, and Capital IP are not intended to be subject to the requirements of the AIFM Directive applicable to "alternative investment funds" ("AIFs"), the interests of which are marketed at the initiative of the sponsor or manager of the AIF. If the Advisory Clients, a General Partner and/or Capital IP were to be subject to the AIFM Directive and related rules, the Advisory Clients, the General Partner and Capital IP could become subject to certain requirements that could restrict or otherwise affect their operations. Compliance with the AIFM Directive and related rules could also increase the operating expenses of the Advisory Clients and require additional administrative attention from Capital IP and its personnel. The foregoing and other matters related to the AIFM Directive could have an adverse effect on the Advisory Clients.

Government Plan Partners. Capital IP may be required to make certain representations and covenants with respect to campaign contributions, use of placement agents or similar activities in connection with an investment in the Advisory Clients by certain investors such as state or local entities, including investments by public retirement plans. The Advisory Client Governing Documents and "side letters" may provide such Limited Partners with certain rights related to such matters (including, without limitation, certain excuse and withdrawal rights) that are not available to other Limited Partners and which may, under certain circumstances, be contrary to the best interests of the Advisory Clients. In addition, applicable laws related to such matters may provide such Limited Partners certain excuse and withdrawal rights from the Advisory Clients or preclude a general partner or Capital IP from receiving compensation in respect of such Limited Partners in certain circumstances.

Limited Access to Information. The rights of Limited Partners to information regarding the Advisory Clients and their portfolio companies will be specified, and strictly limited, in the relevant Advisory Client Governing Documents. In particular, it is anticipated that Capital IP will obtain certain types of material information that will not be disclosed to Limited Partners. For example, a general partner or Capital IP may obtain information regarding portfolio companies (e.g., via investment professionals serving as directors of portfolio companies) that is material to determining the value of securities issued by such portfolio companies. Such information may be withheld from Limited Partners in order to comply with duties to such portfolio companies or otherwise to protect the interests of such portfolio companies or the Advisory Clients.

Decisions by Capital IP or a general partner to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example: (i) a Limited Partner that seeks to sell its interest in an Advisory Client may have difficulty in determining an appropriate price for such interest; (ii) decisions to withhold information may make it difficult for Limited Partners to subject Capital IP or a general partner to rigorous oversight; and (iii) each communication to one or more Limited Partners must be interpreted in light of the realistic possibility that Capital IP or a general partner is in possession of undisclosed information relating to the Advisory Client or its portfolio companies that could be material to a comprehensive assessment of such communication. Overall, prospective investors should not expect the Advisory Clients to be operated with the same degree of “transparency” as a publicly traded corporation.

Projections. Projected operating results of a company in which the Advisory Clients invest normally will be based primarily on financial projections prepared by each company’s management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, the inaccuracy of certain assumptions, general economic conditions and other factors, which are not predictable, can have a material impact on the reliability of projections.

Exculpation and Indemnification. The relevant Advisory Client Governing Documents will contain provisions that relieve the Capital IP, a general partner, their respective affiliates and the investment professionals of liability for certain improper acts or omissions. For example, the Capital IP, a general partner, their respective affiliates and the investment professionals generally will not be liable to the Limited Partners or the Advisory Clients for acts or omissions that constitute ordinary negligence. Under certain circumstances, the Advisory Clients may indemnify Capital IP, a general partner, their respective affiliates and the investment professionals against liability to third parties resulting from such improper acts or omissions.

Limited Partner Liability. No Limited Partner, in its capacity as such, will be liable for the debts and obligations of the Advisory Clients; *provided, however*, that each Limited Partner will be required to pay to the respective Advisory Client (a) any unpaid capital contributions that such Limited Partner has agreed to make to the Advisory Client pursuant to the terms of the relevant Governing Documents; (b) the amount of any distribution that such Limited Partner is required to return to the Advisory Client; and (c) the unpaid balance of any other payments that such Limited Partner expressly is required to make to the Advisory Client pursuant to the relevant Governing

Documents, pursuant to such Limited Partner's subscription agreement or pursuant to applicable law.

No Fiduciary Duties of Limited Partners. Notwithstanding any duty otherwise existing at law or equity, no Limited Partner will owe any duty (fiduciary or otherwise) to the Advisory Clients or any other Limited Partner as a result of such Limited Partner's status as a Limited Partner; *provided* that nothing in the relevant Governing Documents will be intended to eliminate the implied contractual covenant of good faith and fair dealing on the part of the Limited Partners, and this in no way limits any express obligations of a Limited Partner in such Limited Partner's subscription agreement.

Recourse to the Advisory Clients' Assets. The Advisory Clients' assets, including any investments held by the Advisory Clients, are available to satisfy all liabilities and other obligations of the respective Advisory Client, including indemnification of Capital IP, the applicable general partner and its equity owners, agents, representatives, affiliates and personnel (along with certain other parties, as more fully set forth in the Governing Documents). If an Advisory Client becomes subject to a liability, parties seeking to have the liability satisfied typically will have recourse to that Advisory Client's assets generally and not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

Return of Distributions. Indemnification obligations and obligations to return proceeds to a portfolio company imposed on an Advisory Client (including obligations that arise after the Advisory Client's liquidation) could obligate Limited Partners to return certain distributions received from the Advisory Client, as provided in the relevant Governing Documents and under Delaware law.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of its investments in portfolio companies, the Advisory Clients may be required to make representations about the business and financial affairs of any such investment typical of those made in connection with the sale of a business. The Advisory Clients may also be required to indemnify the purchasers of such investment to the extent that any such representations or representations made by the portfolio company are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the respective Advisory Client may establish reserves and escrows. In that regard, a distribution of proceeds that might otherwise be made may either be delayed or withheld until such reserves are no longer needed. If any such distribution is made in lieu of being delayed and withheld and such representations prove to be inaccurate, the Limited Partners could be required to return such distribution to the Advisory Client as provided in the relevant Governing Documents.

Controlled Group Risks. Under ERISA, members of certain "controlled groups" of "trades or businesses" may be jointly and severally liable for contributions required under any member's tax-qualified defined benefit pension plan and under certain other benefit plans. Further, if any member's tax-qualified defined benefit pension plan were to terminate, underfunding at termination would be the joint and several responsibility of all controlled group members, including members whose employees did not participate in the terminated plan. Similarly, joint and several liability may be imposed for certain pension plan related obligations in connection

with the complete or partial withdrawal by an employer from a multiemployer pension plan. Depending on a number of factors, including the level of ownership held by an Advisory Client and other co-investors in a particular portfolio company, the Advisory Client may be considered to be a member of one or more portfolio companies' "controlled group" for this purpose.

Possibility of United States Internal Revenue Service ("IRS") Examination or Other Audit. The legal and accounting costs incurred in connection with any IRS examination or other audit of the Advisory Clients' tax returns will be borne by the respective Advisory Client. The cost of any IRS examination or other audit of any Limited Partner's tax return generally will be borne solely by such Limited Partner. An IRS examination or other audit of the Advisory Clients may result in an IRS examination of the returns of some or all of the Limited Partners; such examinations could result in adjustments to the tax consequences initially reported by an Advisory Client and affect items not related to a Limited Partner's investment in the Advisory Client. If such adjustments result in an increase in a Limited Partner's U.S. federal income tax liability for any year, such Limited Partner also may be liable for interest and penalties with respect to the amount of underpayment. Revised partnership tax audit rules apply to the examination and assessment of partnerships by the IRS. Under such rules, the Advisory Client may be liable in the year of adjustment for taxes, interest and penalties related to an adjustment by the IRS of a partnership return for a prior year, unless the Advisory Client elects to send adjusted Schedules K-1 to its partners reflecting the IRS adjustment in the time frame required under the new legislation.

Factual Statements. Certain of the factual statements made herein are based upon information from various sources believed by Capital IP or the applicable general partner to be reliable. The applicable general partner and the Advisory Clients have not independently verified any of such information and will have no liability for any inaccuracy or inadequacy thereof. No party (including legal counsel to the Advisory Clients and the applicable general partner) has been engaged to verify the accuracy or adequacy of any of the factual statements contained herein. In particular, neither legal counsel nor any other party has been engaged to verify any statements relating to the experience, track record, skills, contacts or other attributes of the Capital IP principals or other investment professionals of Capital IP or such general partner or to the anticipated future performance of the Advisory Clients.

Track Record Information. Investors are cautioned about relying upon information that presents, or is based upon, valuations of private company securities or securities that are otherwise subject to limitations on marketability (such as underwriters' lock-ups or restrictions associated with a board of directors position held by an investment professional of Capital IP or the applicable general partner). Valuations of private company securities are based upon a variety of factors including: estimating value using the company's revenue and/or EBITDA and implied multiples based on a discount to comparable public companies; estimating value using comparable private and public transactions; estimating value using a discounted cash flow analysis; and estimating value using a company's most recent financing round. It is difficult to determine the true fair market value of such securities, and Capital IP's ability to present information regarding the value of specific companies may be impaired due to contractual or fiduciary obligations to those companies or other third parties, with the result that a general partner (like many other participants in the private investment funds industry) often is called upon to determine valuations based upon reasonable estimates or various "rules of thumb" common within the industry. While all such

information is presented by a general partner in good faith, there can be no assurance that explicit or implicit valuations of such securities reflect true fair market value (or even all of the information in the possession of such general partner). Similar considerations apply to securities that are otherwise marketable, but held in such large amounts that they could not be sold without overwhelming market demand or otherwise influencing market prices.

Investors are cautioned about the interpretation of track record and similar information relating to prior financial performance, whether contained herein or otherwise. The private investment funds industry lacks a comprehensive set of generally accepted rules for calculating and presenting rates of return and other elements of financial performance, and the applicable general partner is not required by law to follow any particular methodology. Any background information presented herein with respect to Capital IP is not comprehensive. In particular, the information set forth herein should not be interpreted as an exhaustive presentation of outcomes of investments with which such persons have been involved, their professional and other accomplishments, or their business experience.

Uncertain Time Frame for Winding Up Affairs. Each Advisory Client will have a specific term for its existence. In many cases, this term may be extended by amendment (which may not require the approval of all of the Limited Partners). At the end of the Advisory Client's term, the winding up of its affairs will commence. In connection with the dissolution of the respective Advisory Client, the applicable general partner (or other relevant liquidator) may sell, exchange or otherwise dispose of the assets of the Advisory Client in such reasonable manner as such general partner (or other relevant liquidator) determines to be in the best interest of the Advisory Client. There may be no particular time period specified or required for the final disposition of the Advisory Client's assets. Given the illiquid nature that is expected for the Advisory Clients' investments, it is likely that the Advisory Clients will hold a number of portfolio investments that cannot be advantageously disposed of promptly during the dissolution period in the absence of a liquidity event for the applicable portfolio company, and there can be no assurances with respect to the time frame in which the assets of the respective Advisory Client will be disposed of following commencement of the dissolution of the Advisory Client. Final liquidation of the Advisory Client will likely not occur until several years or more after the end of the respective Advisory Client respective term.

Potential Conflicts of Interest

Generally. An investment in the Advisory Clients entails significant risks and conflicts of interest, including among the Advisory Clients and other Capital IP-sponsored investments or future Advisory Clients. Capital IP and their affiliates, and the principals and their affiliates currently manage and may manage in the future other Capital IP-sponsored Advisory Clients, which do or will include investments and investment mandates, in whole or in part, which are similar to investments in which the Advisory Clients target. In the event such other Capital IP-sponsored funds have loans to or investments in portfolio companies that the Advisory Clients may also be interested in, Capital IP will make allocations of such portfolio company investment in their discretion, but will not have a formulaic allocation policy, and may or may not take such other Capital IP-sponsored fund(s) to the maximum investment under such other Capital IP-sponsored fund's diversification policy before offering all or a portion of such investment to the Advisory

Clients. The Advisory Clients and such other Capital IP-sponsored fund(s) may purchase different classes of debt and/or equity of the same portfolio company with different terms and costs bases. These and other investments may create conflicts of interest, particularly because Capital IP and their affiliates may take certain actions for some Capital IP-sponsored funds (including the Advisory Clients) or affiliates with respect to one class of debt or equity that may be adverse to other Capital IP-sponsored funds (including the Advisory Clients) or affiliates that hold other classes of debt or equity of the same portfolio company. Management of the Advisory Clients and these other investments and/or future funds sponsored by Capital IP could result in conflicts of interest regarding time and attention of the investment professionals, investment allocation and other matters. In such cases, Capital IP and their affiliates will seek to act in a manner they believe in good faith to be fair to the applicable funds under the circumstances.

The following discussion enumerates certain potential conflicts of interest that should be carefully evaluated before making an investment in the Advisory Clients. The following is not intended as an exhaustive list of the potential conflicts.

Strategic Relationship Agreement. In connection with Fund I's initial closing, Fund I, the general partner of Fund I, Capital IP, and its principals have entered into a Strategic Relationship Agreement (as defined in Item 4 above) with the Strategic Investor (as defined in Item 4 above) pursuant to which the Strategic Investor has agreed to make a significant investment in Fund I and may provide significant amounts of capital in support of future products sponsored and/or managed by Capital IP or its affiliates.

Pursuant to the terms of the Strategic Relationship Agreement, the Strategic Investor has been granted certain rights that are in addition to, and more favorable than, those granted to the other Limited Partners; including, without limitation: (i) the right to receive a portion of the Management Fee and the Carried Interest via the grant to the Strategic Investor of special participation interests in Fund I (collectively, the "**Special Participation Interests**"), which will reduce the amount of Management Fees received by Capital IP and the Carried Interest allocable to the general partner of Fund I; (ii) the right to be subject to the Management Fee and the Carried Interest at rates lower than those described in the other Governing Documents; (iii) the right to terminate its capital commitment to Fund I (or the remaining portion thereof, as applicable) if certain conditions set forth in the Strategic Relationship Agreement are not satisfied by the final closing date of Fund I and elect to receive its pro rata portion of then-existing Fund I investments in-kind; (iv) the right to appoint a representative of the Strategic Investor to Fund I's advisory committee; (v) certain capacity rights; (vi) the right to participate in future Co-Investment opportunities; (vii) the right, under certain circumstances, to effect a cap on the amount of certain fund expenses; (viii) the benefit of a most favored nation provision; (ix) certain transfer rights in respect of its Fund I investment; (x) certain consent rights with respect to actions that may be taken by the general partner of Fund I or Capital IP; (xi) certain preferential notification rights with respect to certain events or actions relating to Capital IP and/or Fund I (including proposed changes to the Fund I's investment strategy or guidelines and notice of certain other material events (e.g., notice of litigation and regulatory investigations and proceedings) relating to Fund I and/or Capital IP); (xii) certain preferential information and reporting rights (including the right to meet with Capital IP's personnel and the provision of certain information regarding the legal, regulatory, financial, operational and other business information regarding Fund I, Capital IP and/or the general partner

of Fund I); (xiii) the right to cause Capital IP and the general partner of Fund I to be maintain requisite internal and external operational standards, policies and procedures (including maintaining an “ESG Policy”) in respect of Fund I; and (xiv) certain preferential rights in connection with any in-kind distribution made by Fund I. Further, the general partner of Fund I, Capital IP, Fund I, and the principals have agreed to exculpate and indemnify the Strategic Investor under certain circumstances as set forth in the Strategic Relationship Agreement. Certain of the above-listed terms and limitations apply to certain other current Advisory Clients and may apply to future Advisory Clients as well.

The Strategic Investor: (i) is not a sponsor of Fund I or any other Advisory Client and owes no duties to the Limited Partners; (ii) has no obligations or responsibilities to, and will not be involved in the management of, the Advisory Clients or its investment portfolio, or to any other Advisory Client; and (iii) will not be liable for the Advisory Clients’ or the general partner of Fund I’s non-compliance with applicable legal, investment, tax or regulatory requirements, the terms of the Advisory Clients’ offering or Governing Documents or their respective performance. For the avoidance of doubt, the Strategic Investor will have no obligation to disclose any of the information it receives pursuant to the Strategic Relationship Agreement to other Limited Partners or to use such information for the benefit of, or with regard to the interests of, the Advisory Clients or any other Limited Partners.

While the Strategic Relationship Agreement does not impact the day-to-day operations or management of the general partner of Fund I, Capital IP or the Advisory Clients, certain conflicts of interest may arise, including in respect of the Special Participation Interests. In the event that the general partner of Fund I seeks the advice of an advisory committee in accordance with the Governing Documents, the Strategic Investor (or any affiliate or representative thereof) shall not be recused from any approval, disapproval or other action of the advisory committee, nor deemed to have a conflict of interest regarding the activities of the Advisory Clients solely by reason of the provisions contained in the Strategic Relationship Agreement.

An affiliate of the Strategic Investor has purchased co-investments in certain investments held by Fund I, which that Strategic Investor affiliate agreed to permit Fund I to repurchase at Fund I’s election and at agreed-upon pricing. Fund I has exercised that repurchase right with respect to portions of those investments, and it may make future repurchases from that Strategic Investor affiliate in the future. In addition, the Strategic Investor or other parties may make co-investments alongside Fund I or other Advisory Clients in the future, and Capital IP may negotiate for Fund I or those other Advisory Clients to obtain similar repurchase rights with respect to those future co-investments. Any such sale may constitute a principal transaction (as such term is used under the Advisers Act), and Capital IP in such instances will comply with the requirements of Section 206(3) of the Advisers Act.

Side Letters. Each general partner is or will be authorized, without the approval of any Limited Partner, to enter into one or more side letters or similar written agreements with certain Limited Partners, which will have the effect of establishing rights under or altering or supplementing the terms of the Governing Documents with respect to such Limited Partners. As a result of such side-letter agreements, certain Limited Partners may receive additional benefits that other Limited Partners will not receive, including, without limitation, the circumstances under which exclusion

from certain investments or involuntary withdrawals from the Advisory Client may be required; “most favored nation” rights (i.e., the right to receive favorable rights or other arrangements that may be afforded to other Limited Partners); rights or terms necessary in light of particular legal, regulatory or policies of a Limited Partner; and the right to receive reports from the Advisory Client on a more frequent basis or to receive reports that include information not provided to other Limited Partners. Such agreements will be disclosed only to those Limited Partners that have separately negotiated with the applicable general partner for the right to review such agreements.

Diverse Limited Partner Group. The Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Advisory Clients. The conflicting interests of individual Limited Partners may relate to or arise from, among other things, the nature of investments made by the Advisory Clients, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by a general partner, including with respect to the nature or structuring of investments that may be more beneficial for some Limited Partners than for others, particularly with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for the Advisory Clients, the general partners will consider the investment and tax objectives of the Advisory Clients and the Limited Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Parallel Funds. Parallel funds may be established to address the needs of certain Limited Partners or to address other tax or regulatory issues (including compliance with the Investment Company Act) or generally applicable investment restrictions of investors in such entity or program. Except (x) where restricted or prohibited by law, rule, regulation or other restriction, or (y) where the potential returns to investors in a parallel fund would be unattractive due to tax, legal, regulatory or other similar considerations, each parallel fund will invest in every investment made by the Advisory Clients at the same time and on substantially the same terms as the respective Advisory Clients, and dispose of their investments at the same time, on the same terms and in the same relative amounts, to the extent practicable.

Alternative Investment Vehicles. One or more vehicles may be formed in order to accommodate the tax, legal, accounting, business, policy or regulatory concerns of any Limited Partner or Advisory Client, because of other investment restrictions applicable to any Limited Partner, to facilitate participation of one or more Limited Partners or the Advisory Clients in certain portfolio investments and/or otherwise for general tax planning purposes. To the extent practicable, a vehicle that is established to invest in parallel with an Advisory Clients will invest in and divest from the relevant portfolio investment at substantially the same times and on substantially the same terms as the Advisory Clients and such other vehicles, subject to the tax, legal, accounting, business, policy or regulatory concerns, investment restrictions or other concerns that led to the formation of such vehicles. Subject to certain exceptions set forth in the Governing Documents, the terms and conditions applicable to a vehicle will be substantially the same as the terms and conditions applicable to the Advisory Clients.

Formation of Other New Advisory Clients. Pursuant to the terms of the Governing Documents of the applicable Advisory Client, the general partner of such Advisory Client or Capital IP may establish additional investment funds which may be competitive with the Fund, and there can be

no assurance that the creation of such additional investment funds will not give rise to conflicts of interest between the investors of the respective funds.

Other Activities of Partners. Subject to the other provisions of the Governing Documents, any Limited Partner or a general partner and their respective partners, members, stockholders, officers, directors, managers, trustees, employees, agents and affiliates may invest, participate, or engage in (for their own accounts or for the accounts of others), or may possess an interest in, other financial ventures and investment and professional activities of every kind, nature and description, independently or with others, including but not limited to: management of other investment partnerships; investment in, financing, acquisition or disposition of securities; investment and management counseling; providing brokerage and investment banking services; or serving as officers, directors, managers, consultants, advisers or agents of other companies, partners of any partnership, members of any limited liability company or trustees of any trust (and may receive fees, commissions, remuneration or reimbursement of expenses in connection with these activities), whether or not such activities may conflict with any interest of the Advisory Clients or any of the Limited Partners. Neither the Advisory Clients nor any Limited Partner will have any rights, solely by virtue of the Governing Documents, in or to any activities permitted by the Governing Documents or, except as explicitly set forth in the Governing Documents, to any fees, income, profits or goodwill derived from such activities by any other person and the doctrine of corporate opportunity, or any analogous doctrine, will not apply to any such person.

Investment Opportunities. Conflicts of interest may arise in allocating investment opportunities amongst the Advisory Clients formed, managed or advised by Capital IP, regardless of whether such investment vehicles are currently existing, fundraising, or contemplated. The strategy of the Advisory Clients formed, managed, or advised from time to time by Capital IP overlap to some degree, and thus, an investment may in the first instance be allocated to another investment vehicle even though it may otherwise be an eligible investment for one or more Advisory Clients, or the respective Advisory Client may not be able to acquire the entire amount of such investment opportunity. Allocation of investment opportunities will be made in good faith by Capital IP. There can be no assurance that the allocation of investment opportunities by Capital IP will not give rise to conflicts of interest between the investors of the respective funds.

Overlapping Investments with Other Capital IP-Sponsored Advisory Clients. Other Advisory Clients (including “successor” funds) may hold or may acquire positions in portfolio companies in which another Advisory Client is investing or has invested. Such investments may be coincident or precede one another. Allocation of investment opportunities among the Advisory Clients and other Capital IP-sponsored funds will be at Capital IP’s and the applicable general partner’s sole discretion, subject to Capital IP’s allocation policy in effect from time to time. Follow-on investments in companies in which one or more Advisory Clients will, subject to Capital IP’s allocation policy in effect from time to time, be allocated at Capital IP’s and applicable general partner’s sole discretion and may not be necessarily *pro rata* based on existing ownership in such companies. Where investments by one or more Advisory Clients in the same portfolio company are made at different times or in different proportions, conflicts of interest with regard to valuation, exit timing and other matters may arise. In addition, conflicts may arise to the extent that such other Advisory Clients invest in securities of a portfolio company that have different rights than the securities of such portfolio company held by Advisory Clients. The principals of Capital IP

will use their good faith judgment in addressing any such conflicts. Where multiple Capital IP-sponsored Advisory Clients are invested in the same company, Capital IP will, subject to Capital IP's allocation policy in effect from time to time, allocate disposition opportunities among the Advisory Clients, on a case-by-case basis in their good faith discretion, considering liquidity needs, holding periods, tax considerations, and such other factors as Capital IP considers relevant.

Adjustment of Allocation of Investments and Expenses Among Advisory Clients. If, upon subsequent closings of any of the Advisory Clients, there is a change in the ratios of the aggregate capital commitments of each such Advisory Client to the aggregate capital commitments to all such funds, then Capital IP may in its reasonable good faith discretion make adjustments to the allocation of investments, expenses, or determinations of the portion of contributions used to make investments as described in the relevant Governing Documents. The sharing ratio with respect to each Advisory Client may appropriately be adjusted by the Capital IP in good faith in limited circumstances described in the Governing Documents and in Capital IP's allocation policy.

Transactions Involving Portfolio Companies of Different Advisory Clients. Portfolio companies of different Advisory Clients may engage in commercial transactions with one another from time to time as they determine to be appropriate in their business judgment. Capital IP anticipates that material transactions between such portfolio companies generally would be on arm's-length terms or on terms otherwise considered to be equitable to both companies under the circumstances. However, such transactions could benefit the portfolio company of one or more Advisory Clients more than the portfolio company of other Advisory Clients.

From time to time, Capital IP may be presented with an investment opportunity for an Advisory Client in a company that is a competitor of a portfolio company of another Advisory Client. Capital IP may decline to pursue such opportunity for the Advisory Client because of the competitive situation even though the opportunity might otherwise be an attractive one for a respective Advisory Client. On other occasions, an Advisory Client may invest in companies that are, or that subsequently become, competitors of other companies in which the Advisory Client has invested or in which another Advisory Client has invested. Such competitive situations may result in conflicts for Capital IP and its personnel in their ongoing interactions with the competitive companies and could, in certain circumstances, result in Capital IP receiving less information about such companies than it might have received in the absence of such competitive situation. Competitive situations could also result in one or more Advisory Clients or Capital IP and its associated persons (who are generally indemnified by the Advisory Clients) facing legal claims regarding misuse of a company's confidential information, breach of duties to the portfolio companies or other matters related to the competitive situation.

Cross Trades; Principal Transactions. Capital IP may determine that it would be in the best interests of one or more Advisory Clients to transfer a security from other Advisory Clients (each such transfer, a "**Cross Trade**") for a variety of reasons, including, without limitation, as a result of legal, tax or regulatory considerations, liquidity purposes, to rebalance the portfolios of one or more Advisory Clients, or to reduce transaction costs that may arise in an open market transaction. If Capital IP decides to engage in a Cross Trade, it will determine that the trade is in the best interests of both of the Advisory Clients involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Advisory Clients. Capital IP

may execute Cross Trades (if any) with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two clients may occur as an “internal cross” where Capital IP instructs the custodian for the respective Advisory Clients to book the transaction at the price determined in accordance with its valuation policy and procedures. If Capital IP effects an internal cross, Capital IP will not receive any fee in connection with the completion of the transaction.

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the U.S. Investment Advisers Act of 1940 (the “**Advisers Act**”) due to the ownership interest in an Advisory Client by Capital IP or its personnel and Capital IP will comply with the requirements of Section 206(3) of the Advisers Act.

Warehoused Investments. Prior to the initial closing date of commitments to an Advisory Client, an affiliate of the Advisory Client’s general partner or Capital IP (the “**Warehousing Entity**”) may make certain investments on behalf of the Advisory Client and sell those securities (the “**Warehoused Securities**”) to the Advisory Client. Any such sale will constitute a principal transaction (as such term is used under the Advisers Act), and Capital IP will comply with the requirements of Section 206(3) of the Advisers Act.

Limited Partners as Service Providers. Certain Limited Partners or their affiliates may from time to time in the ordinary course of their business activities provide services to an Advisory Client or to portfolio companies of an Advisory Client (e.g., banks that are affiliates of Limited Partners may act as lenders to an Advisory Client or a portfolio company). Capital IP anticipates that any such services would be provided to the Advisory Client or its portfolio companies on arm’s length or otherwise customary market terms.

Advisory Client Service Providers as Service Providers to Capital IP or its Affiliates. Certain service providers to the Advisory Clients (e.g., lawyers, accountants, lenders, banks, brokers) are also expected to provide services to Capital IP or its personnel or affiliates. The terms on which such services are provided to such persons and entities may, in certain circumstances, differ from (and be more favorable than) those on which similar services are provided to the Advisory Clients. However, it is Capital IP’s practice to seek to select service providers for the Advisory Clients that it believes are in the best interests of the respective Advisory Clients based on their merits, and not based on the services, or the terms of such services, provided to Capital IP or its personnel or affiliates. From time to time, Capital IP reviews its selection of service providers for the Advisory Clients and the arrangements between the Advisory Clients and such service providers.

Consultants. Capital IP may engage, or cause the Advisory Client to engage, consultants from time to time, including consultants made available through “expert networks”, to provide services to the Advisory Clients or their portfolio companies for particular purposes or particular projects, and such consultants may receive fees or other remuneration and expense reimbursement (including travel and travel-related expenses) from the Advisory Clients or the applicable portfolio companies. Such services may include, among others, assisting an Advisory Client’s general partner with technical or marketing research or due diligence with respect to companies in which an Advisory Client is considering an investment or has invested or providing technical, financial or other operational services to portfolio companies.

Placement Agent Fees. Capital IP may engage one or more placement agents in connection with the organization of certain Advisory Clients. The placement agent may be compensated through fixed and contingent fees, as well as reimbursed for expenses.

Co-investment by Limited Partners and Other Third Parties. Capital IP may, but is under no obligation to, provide opportunities to co-invest with the Advisory Clients to third parties, which may include (without limitation) the following: limited partners of Advisory Clients, managed accounts or prior investments (or persons or entities associated with such persons); strategic investors (such as the Strategic Investor) who can add important business development relationships or other value to portfolio companies; lending and other investment firms and individuals from Capital IP's ecosystem, including (without limitation), domain experts, founders, entrepreneurs, loan originators, strategic advisors and portfolio company executives. Capital IP may provide opportunities to co-invest with the Advisory Clients to one or more Limited Partners (or persons or entities associated with Limited Partners) without making such opportunity available to all Limited Partners. Co-Investments may be made directly in the applicable portfolio company or through "special purpose vehicles" formed by Capital IP or its affiliates for such co-investment. Capital IP or its affiliates may receive fees, carried interest or other compensation in connection with such Co-Investments.

Co-Investors Not Paying Their Pro Rata Share (or Other Portion) of Investment, "Broken Deal" and Other Expenses. In the event that a proposed Co-Investment opportunity in a new or existing portfolio company is not consummated but certain costs and expenses have been incurred by an Advisory Client in pursuit of such investment opportunity, including (without limitation), legal, financial, travel and other business diligence costs and expenses, such costs and expenses generally will, to the extent permissible under applicable law, be paid solely by the respective Advisory Client and it is expected that any potential co-investors will not bear any portion of such "broken deal" costs and expenses. If a Co-Investment does close, the portion of unreimbursed transaction expenses incurred by the Advisory Client in connection with such investment, unreimbursed expenses incurred by the Advisory Client in connection with the ongoing monitoring of its investment in the applicable company and any other unreimbursed expenses incurred by the Advisory Client with respect to such investment that are payable by the co-investors (if any) will be determined on a case-by-case basis, subject to the terms of the relevant Governing Documents. Capital IP generally will have no obligation to cause co-investors to bear any expenses incurred by the Advisory Client or to bear any particular portion of such expenses (and will have no obligation to pro rate or otherwise reduce the amount paid by the Advisory Client in respect of any such expenses).

Material Non-Public Information. From time to time, Capital IP, its affiliates and/or their directors, officers, employees, advisors and consultants may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit Capital IP's, or its affiliates' flexibility to buy or sell portfolio securities issued by such companies. The Advisory Clients' investment flexibility may be constrained as a consequence of the applicable general partner's or Capital IP's inability to use such information for investment purposes. Alternatively, each of such general partner and Capital IP and the foregoing persons may decline to receive material non-public information which it is entitled to receive in order to avoid

investment restrictions even though access to such information might have been advantageous to one or more Advisory Clients and other market participants are in possession of such information.

Certain Advisory Committee Approvals. The Governing Documents generally will contain certain protections for Limited Partners against conflicts of interest faced by the applicable general partner, Capital IP and its principals, but they will not purport to address all types of conflicts that may arise. Under the Governing Documents, certain transactions that involve conflicts of interest between a general partner, Capital IP or its principals, on the one hand, and the Advisory Clients, on the other hand, may be submitted to the relevant advisory committee for resolution, to the extent such advisory committee has been formed under the relevant Governing Documents. However, that advisory committee may not represent the interests of all the Limited Partners, each member of that advisory committee may act in the interests of the Limited Partner with which it is associated, and the members of that Advisory Committee may themselves be subject to various conflicts of interest. In general, the Limited Partners may not be entitled to control the selection of members of the advisory committee or to review the actions or deliberations of that advisory committee. Furthermore, some or all of the members of an advisory committee may also be on the advisory committee of other Advisory Clients with which there is a potential conflict or may represent investors that have an interest in both the instant Advisory Client and such other Advisory Clients. Such advisory committee members may not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve potential conflict of interests.

Certain Other Conflicts of Interest. Each general partner and Capital IP will pursue appropriate investment opportunities that meet the investment criteria of an Advisory Client for the benefit of the Advisory Client. However, Capital IP and the principals currently manage several other Advisory Clients, and expect to manage others in the future, and may direct certain relevant investment opportunities to such other entities. Capital IP's investment professionals will continue to manage and monitor such other Advisory Clients. The investment by any Capital IP principals in an Advisory Client, as well as the principals' interest in the carried interest, operate to align, to some extent, the interest of the Capital IP principals with the interest of the Limited Partners, although the Capital IP principals have economic interests in such other Capital IP-sponsored investments as well and may receive management fees and carried interests relating to these interests. Such other Advisory Clients may control may compete with other Advisory Clients or companies acquired by other Advisory Clients.

The Advisory Clients will be subject to various additional potential conflicts of interest. Provisions contained within the Governing Documents that authorize each applicable general partner, Capital IP or their respective affiliates to engage in investment, management or other activities outside, or alongside with, the Advisory Client, or to cause the Advisory Client to make investments in respect of which each applicable general partner, Capital IP or their respective affiliates have conflicting interests, will override common law and statutory fiduciary duties that would apply in the absence of such provisions. The Governing Documents will contain certain protections for Limited Partners against conflicts of interest faced by each applicable general partner, Capital IP or their respective affiliates, but will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for Limited Partners to subject the behavior of each applicable general partner, Capital IP or their respective affiliates to close scrutiny.

During an Advisory Client's term, many different types of conflicts of interest may arise and these risk factors do not purport to identify all such conflicts. Limited Partners ultimately will be heavily dependent upon the good faith of each applicable general partner, Capital IP or their respective affiliates.

ITEM 9: DISCIPLINARY INFORMATION

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

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Capital IP and its management personnel have not registered, and do not have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Capital IP and its management personnel have not registered, and do not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

As noted in Item 4, the Adviser is affiliated with the General Partner and certain general partners of the Advisory Clients, which may be subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. These affiliated entities operate as a single advisory business together with the Adviser and serve as managers or general partners of Advisory Clients and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Capital IP does not recommend or select other investment advisers for Advisory Clients.

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

Capital IP has adopted a Code of Ethics (the “**Code**”), which sets forth standards of conduct that are expected of Capital IP principals and certain employees (“**Supervised Persons**”) and addresses conflicts that arise from personal trading. In recognition of Capital IP’s fiduciary obligations to its Advisory Clients, Capital IP has adopted personal trading restrictions and requirements to: (i) prevent improper personal trading by Supervised Persons; (ii) prevent improper use of material, non-public information about securities recommendations made by Capital IP or securities holdings of Advisory Clients; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of the Advisory Client.

The primary goal of this policy is to protect Capital IP’s Advisory Clients from the conflicts that could result from a violation of the securities laws or from real or apparent conflicts of interests when Supervised Persons engage in personal securities transactions. While it is impossible to define all situations that might pose such a risk, the Code is designed to address those circumstances where such risks are likely to arise.

The Code (i) requires Capital IP personnel to report their personal securities transactions for periodic review, (ii) prohibits Capital IP personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering or a private placement of securities without pre-approval, and (iii) requires Capital IP to maintain a list of restricted securities that Capital IP personnel are prohibited to trade directly or indirectly.

In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. From time to time, Capital IP may come into possession of material, non-public information concerning an entity in which an Advisory Client has invested or proposes to invest, and the possession of such information may limit the ability of the Advisory Client to buy or sell securities of such entity or to distribute such securities to the Limited Partners.

A copy of the Code will be provided to any investor or prospective investor upon request to Aron Dantzig, Capital IP’s Chief Compliance Officer.

The general partners of the Advisory Clients and certain Capital IP personnel maintain investments directly in the Advisory Clients. In addition, certain Capital IP personnel have or may in the future invest directly in portfolio companies in which Advisory Clients are invested. The fact that such general partners and certain Capital IP personnel have financial interests in Advisory Clients or Advisory Client portfolio companies could create a potential conflict in that it could cause Capital IP to make different investment decisions than if such parties did not have such financial ownership interests. However, Capital IP believes that these financial interests align Capital IP’s incentives with those of the Limited Partners. Potential conflicts are addressed through pre-approval in accordance with the Code and disclosures in the Governing Documents.

Certain conflicts that may be encountered in the course of Capital IP’s activities for or on behalf of the Advisory Clients are described in Items 5, 6, 8 and 10 above and reference is made thereto.

In addition, the Advisory Clients' Governing Documents address in detail certain other reasonably anticipated potential conflicts.

ITEM 12: BROKERAGE PRACTICES

Given the portfolios of its Advisory Clients, Capital IP ordinarily does not engage in trading transactions on behalf of Advisory Clients or utilize the services of broker-dealers for transaction related services. Should such transactions and the need for the services of a broker-dealer arise, Capital IP will seek to obtain best execution for all such transactions. To the extent they aggregate orders for purchase and sale, Capital IP will aggregate such orders as it deems appropriate and in accordance with the applicable Governing Documents of the Advisory Clients and in the best interests of Advisory Clients.

As a fiduciary, Capital IP must allocate investment opportunities among Advisory Clients in the best interest of each Advisory Client. It is the general policy of Capital IP to allocate investment opportunities among the applicable Advisory Clients in a fair and equitable manner and in accordance with the terms of its policies and the applicable Governing Documents for such Advisory Clients.

Capital IP may determine that it would be appropriate for more than one Advisory Client to participate in an investment opportunity (in instances where more than one Advisory Client is still empowered to make investments at the same time), Capital IP will seek to allocate the investment opportunity to all of the participating Advisory Clients on a fair and equitable basis.

Capital IP, in its sole discretion, may make allocations based upon other considerations including, but not limited to, minimum investment restrictions, liquidity, investment limits, industry or geographic concentrations, or remaining term of the Advisory Clients.

ITEM 13: REVIEW OF ACCOUNTS

Portfolio investments in the Advisory Clients are continuously reviewed by a team of investment professionals, consisting of Capital IP's principals and other investment professionals. Capital IP actively monitors the portfolio companies of the Advisory Clients and generally maintains ongoing oversight of such portfolio companies through various means.

Each Limited Partner will typically receive, among other things, a copy of audited financial statements of its respective Advisory Client within 90 days after the fiscal year end of such Advisory Client. In addition, Limited Partners in each Advisory Client will typically receive written reports containing unaudited summary financial information regarding such Advisory Client on a quarterly basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Capital IP is authorized to provide certain business or consulting services to companies in an Advisory Client's portfolio and may receive compensation from these companies in connection with such services. As described in the relevant Governing Documents, this compensation will, in many cases, offset a portion of the Management Fees paid by such Advisory Clients. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees will be in addition to Management Fees. See *Item 5. Fees and Compensation*.

From time to time, Capital IP may enter into arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an investor in an Advisory Client. Capital IP pays such placement agents fee generally based on a percentage of the management fees and carried interest earned on the capital commitment of the investor introduced to the Advisory Client by the placement agent. Any placement agent fee is borne by Capital IP either directly or indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are generally borne by the relevant Advisory Clients.

All placement agreements and any future similar referral arrangements will, at all times, be maintained in compliance with Rule 206(4)-1 (the "**Marketing Rule**") under the Advisers Act.

ITEM 15: CUSTODY

Capital IP maintains custody of assets held in the name of its Advisory Clients with Delaware Trust Company, Wilmington, Delaware, a qualified custodian, and with US Bank, NA. Further, Capital IP intends, with respect to Advisory Clients, to comply with the private fund audit delivery provisions of Rule 206(4)-2(b)(4) under the Advisers Act (the “custody rule”). Capital IP expects to distribute audited financial statements to the Limited Partners in each Advisory Client on an annual basis within 90 days of the end of the Advisory Client’s fiscal year as required under applicable law or in the Advisory Client’s Governing Documents.

ITEM 16: INVESTMENT DISCRETION

Capital IP has discretionary authority to manage securities accounts on behalf of its Advisory Clients. As explained in Item 4 above, each Advisory Client's investment strategy is set forth in detail in such Advisory Client's Governing Documents. Investors in an Advisory Client generally do not have the ability to impose limitations on this discretionary authority, although Capital IP may agree to certain limitations on its discretion in specific instances with certain Advisory Clients. Investors must execute a subscription agreement or similar agreement in which they make various representations, including representations regarding their suitability to invest in the applicable Advisory Client.

ITEM 17: VOTING CLIENT SECURITIES

Capital IP does not generally directly hold publicly traded securities that solicit proxy votes (“**Proxies**”), and therefore does not typically receive Proxies relating to securities owned by Advisory Clients. Nevertheless, Capital IP will vote any such Proxies in the best interests of Advisory Clients and in accordance with its proxy voting policies (“**Proxy Policy**”). Under certain circumstances, Capital IP may abstain from voting specific Proxies if it believes that doing so is in the best interests of the applicable Advisory Client. In the event of a material conflict of interest, Capital IP will follow the written policies detailed in the Proxy Policy. Capital IP may retain an independent third party to vote Proxies in certain situations (including situations where a material conflict of interest is identified). Limited Partners generally do not have the ability to direct Proxies. Limited Partners may obtain additional information regarding how Capital IP voted proxies and may obtain a copy of Capital IP’s Proxy Policy by contacting Capital IP’s Chief Compliance Officer, Aron Dantzig.

ITEM 18: FINANCIAL INFORMATION

Capital IP is not currently under a financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Advisory Clients.

Capital IP has not been the subject of a bankruptcy petition at any time during the past ten years.