

Item 1 – COVER PAGE

SCF PARTNERS, INC.

600 Travis Street, Suite 6600

Houston, Texas 77002

713-227-7888

Email Contact: adeluca@scfpartners.com

www.scfpartners.com

PART 2A OF FORM ADV

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This brochure provides information about the qualifications and business practices of SCF Partners, Inc. If you have any questions about the contents of this brochure, please contact us at 713-227-7888 or at adeluca@scfpartners.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SCF Partners, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

The registration of SCF Partners, Inc. as an investment adviser with the United States Securities and Exchange Commission and various state securities authorities does not imply any level of skill or training.

Item 2 – MATERIAL CHANGES

This brochure for SCF Partners, Inc. (“SCF”) has been updated to clarify the description of SCF’s business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices but reflects no material changes in the firm’s policies, practices or services since our last annual update filing on March 28, 2023.

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Item 4 – ADVISORY BUSINESS

SCF Partners, Inc. was formed on February 7, 1989 and began providing advisory services later that year. Since that time, SCF has provided only investment supervisory services and does not refer to its services as financial planning or some similar service. SCF became a registered investment adviser in 1995. For purposes of this brochure, “SCF” means SCF Partners, Inc., together (where the context permits) with its affiliated general partners of the Funds (as defined below).

SCF provides investment supervisory services to investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

SCF provides advisory services on equity securities, including mainly privately-held but occasionally exchange-listed securities. It also provides advice on warrants and corporate debt securities (other than commercial paper).

The Funds make primarily minority or majority interest equity investments in corporations engaged in the oilfield service and equipment industry (“portfolio companies”). SCF and its personnel identify and evaluate new investment opportunities, negotiate and assist in arranging financing to consummate investments on behalf of the Funds, manage and monitor the performance of such investments and dispose of such investments. As discussed further in Items 5 and 11, SCF’s personnel or representatives also typically serve as board members of the portfolio companies and assist the portfolio companies in setting strategic and financial goals, implementing compensation systems and identifying and pursuing strategic opportunities.

SCF provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”). SCF considers each Fund as its client and does not tailor its advisory services to meet the individual needs of the particular limited partners in the Fund. However, the organizational or offering documents of the applicable Fund, Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund (such documents collectively, a Fund’s “Organizational Documents”) limit the industry in which monies may be invested to the worldwide energy services and equipment industry. SCF does not participate in wrap fee programs.

The assets of each fund are managed solely on a discretionary basis. As of December 31, 2023, the amount of client assets managed for all Funds combined totaled \$1,995,807,500.

SCF Partners, Inc. is principally owned by Laurence E. Simmons.

Item 5 – FEES AND COMPENSATION

Below is a discussion of how SCF is compensated in connection with providing advisory services to its clients. SCF may enter into different fee arrangements on a client by client basis. It is critical that all clients, and investors in clients, refer to the applicable Organization Documents for a complete understanding of how SCF and its affiliates are compensated for advisory services.

SCF generally receives Management Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund it manages. A Fund, and/or its portfolio companies also from time to time makes other payments to SCF for services provided to the portfolio companies which, in certain circumstances, may reduce the Management Fees payable to SCF. Additionally, consistent with the Organizational Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by SCF in connection with the services provided to the Fund and/or the portfolio companies. A summary of certain common fees and expenses are set forth below, but this is qualified in its entirety by each applicable client's Organizational Documents.

Management Fees

For most Funds, SCF indirectly receives an advisory fee (each, a "Management Fee") calculated based on committed capital reduced by distributions from the applicable Fund that represent a return of capital for tax purposes. For certain Funds, SCF no longer charges any fees. Management Fees may be reduced during the life of a Fund. The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by SCF and are set forth in such Fund's Organizational Documents, though Management Fees, if charged, are generally 2.00% per annum of the Fund investors' capital commitments, subject to reductions due per the terms of the related organizational documents. The Management Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by SCF in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another.

Management Fees are generally billed on a quarterly basis at the beginning of the quarter for which services are to be provided. Once a fund has spent all committed capital (through a combination of investments and management fees), fees are no longer billed quarterly but are, instead, accrued as a liability of the fund. Such accrued fees may only be collected as a reduction of future fund distributions, as allowed in the applicable Fund's Organizational Documents.

Though SCF has the right to bill and collect Management Fees as described above, the company occasionally elects to partially defer such billings during the earlier stage of a Fund's investment period. For certain Funds, during the first year or two of the investment period, only one-half to two-thirds of the allowable billings may be made. In the latter part of the investment period, SCF will begin billing full fees and then slowly "catch up" on prior deferred fees. As such, in any one year, investors may be billed for a minimum of two quarters worth of "catch up" fees or a

maximum of six quarters worth. To the extent SCF elects to defer the collection of a portion of the Management Fees, the investment returns will be higher than they would otherwise have been.

The Management Fees paid by a Fund will generally be reduced by a percentage of the fees incurred by SCF in connection with the organization of such Fund that exceed a limit specified in such Fund's Organizational Documents and/or certain Other Fees (as defined and described in more detail below under "*Other Fees*") received by SCF or its affiliates. The amount and manner of such reduction, if any, is set forth in the Organizational Documents of the applicable Fund.

Certain employees, business associates and other "friends and family" of SCF, its affiliates or their personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, "SCF Investors") invest in a Fund indirectly through its general partner. In certain instances, SCF Investors will not pay Management Fees or carried interest in connection with their investment in a Fund.

Due to the timing of receipt of compensation subject to offsets, as described below, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when SCF no longer receives Management Fees and receives compensation that would otherwise be subject to offset, SCF, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

Upon termination of an Advisory Agreement, Management Fees that have been prepaid are generally returned on a prorated basis.

Carried Interest

As described in Item 6 below, SCF is entitled to and receives performance-based compensation (that is, compensation based on a share of capital gains on or capital appreciation of the assets of a client) (the "Carried Interest"). Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds (including SCF Investors) may incur lower or no Carried Interest.

Other Fees and Expense Reimbursement

Other Fees

In addition to the Management Fees and Carried Interest, SCF and its affiliates from time to time receive a variety of other cash, equity and other non-cash compensation relating to the investment activities of a Fund, its portfolio companies and prospective portfolio companies including but not limited to directors' fees ("Other Fees"). The amount and timing of Other Fees received by SCF or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction.

From time to time, SCF will, in its discretion, disclose to an investor the amount of Other Fees allocated to the Fund in which such investor has invested in account statements or other similar periodic reports delivered to investors.

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

The payment of Other Fees and reimbursements by portfolio companies and prospective portfolio companies creates a conflict of interest between SCF and its affiliates, and the Funds and their investors because the Funds and their investors generally do not have a direct interest in these fees and reimbursements. SCF determines the amount and timing of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams and/or the board of directors of or lenders to portfolio companies, and the amount of such fees and reimbursements may not (except in connection with the reductions described herein) be disclosed to investors in the Funds.

Lower fees for comparable services may be available from other sources.

Management Fee Reduction

Other Fees may be paid in cash, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other Fees are in addition to the Management Fees, SCF will generally reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of such Other Fees in accordance with the Advisory Agreement and/or Organizational Documents of the applicable Fund. Generally, under the terms of the applicable Organizational Documents, for purposes of calculating any Management Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by SCF in connection with consummated or unconsummated transactions or in connection with generating any such fees.

Certain Fees and Reimbursements Excluded from Other Fees

Certain fees and reimbursements are excluded from the definition of “Other Fees” and do not reduce the Management Fee.

Portfolio Companies from time to time reimburse SCF for expenses, including without limitation, travel and travel-related expenses, meals and entertainment expenses (including, as applicable, cars and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to meetings or other events (to the extent such programs, meetings or events directly relate to a portfolio company), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), certain legal expenses (including legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company borrower or a lender) and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses, incurred by SCF in connection with its performance of services for such portfolio company. Such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Organizational Documents, and such reimbursements do not reduce the Management Fee. Because certain expenses are paid for by a

Fund and/or its portfolio companies or, if incurred by SCF, are reimbursed by a Fund and/or its portfolio companies, SCF may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses, which could result in lower returns to investors. As used throughout this brochure, “travel and travel-related” may include travel expenses for the use of private aircraft, first class or business class travel, black car ground transportation, accommodations, meals, events and entertainment.

SCF and its affiliates also engage and retain Operations Support Providers (as defined in Item 11 below), which may include affiliates of SCF, employees of SCF or such affiliates, portfolio companies of a Fund, third party consultants (including specialized consultants, external executives, and industry roundtable members), “operating partners” or “senior advisors.” Certain of these Operations Support Providers from time to time receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees, reimbursements, or other compensation received by such persons are generally retained by such persons and such amounts are not considered “Other Fees,” will not offset the Management Fees payable by a Fund, and will not otherwise benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “*Providers of Operations Support*” in Item 11 below.

Expenses

Adviser Expenses

To the extent provided in the Organizational Documents of the Funds and except as described below as a “Fund Expense”, SCF generally bears certain expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, the compensation and expenses of its partners, officers and employees (other than Carried Interest described in Item 6 below) and other normal and routine administrative expenses relating to the services and facilities provided by SCF to the Funds.

Fund Expenses

Consistent with the Organizational Documents of the Funds, each Fund will bear all other expenses, subject to any limitations or caps set out in the applicable Organizational Documents of a Fund, relating to it to the extent not borne by its portfolio companies, including the Management Fee, all fees and expenses (including travel (including expenses incurred in connection with travel on private aircraft) and entertainment expenses) incurred in connection with the identification, sourcing, evaluation, negotiation and acquisition of Investments, including potential Investments that are not completed, including investment banking fees and fees and expenses of internal and external advisors such as attorneys, accountants, appraisers, tax advisors, and consultants (provided that, in the case of internal advisors, such fees shall be commensurate with the fees charged by third-party advisors on an arms-length basis (taking into account the nature, quality and location of such services)), expenses incurred in connection with holding, carrying, managing and restructuring of Portfolio Investments, including custodial, trustee, record-keeping, and travel-related expenses (including expenses incurred in connection with travel on private aircraft) and other administrative fees and expenses, expenses incurred in connection with disposing of or liquidating Portfolio Investments, whether fully or partially, organizational expenses of each

Fund's general partner, legal expenses and other costs associated with establishing the Partnership up to a certain amount expenses incurred in connection with the winding up or liquidation of the Partnership, expenses incurred in connection with any restructuring or amendments to the constituent documents of the Partnership and related entities, including the General Partner, insurance, including general liability insurance for the General Partner and the Manager, directors and officers and errors and omissions insurance, employment practices liability insurance, regulatory or litigation expenses (and damages), including regulatory expenses of the General Partner and the Manager, expenses incurred in connection with any indemnification obligations and related litigation expenses (and damages), expenses relating to defaults by Partners in the payment of any capital contributions, expenses incurred in connection with any reports to and meetings of the Advisory Committee and Partners, including counsel and other advisors to the Advisory Committee and travel-related expenses (including expenses incurred in connection with travel on private aircraft) of Manager personnel to attend such meetings, costs of any special meetings of the Partners, any taxes, fees or other governmental charges levied against the Partnership, third-party expenses incurred in connection with legal and regulatory compliance (including tax compliance and reporting) with U.S. federal, state, local, non-U.S. or other law and regulation relating to the Partnership's activities (including, without limitation, expenses relating to the preparation and filing of Form PF, Form ADV, Form SHLA and/or other regulatory filings of the Manager and its affiliates relating to the Fund's activities, including filings with the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission), including the costs of technology and third-party consultants employed for the purpose of assisting with such compliance obligations, expenses incurred by the General Partner and its affiliates in connection with the preparation of financial statements, financial reports, tax returns, K-1s, administration of assets, treasury activities, taxes, expenses associated with portfolio and risk management, including hedging, expenses incurred in connection with distributions to the Partners; expenses incurred in connection with any tax audit or investigation of the Fund, fees and expenses charged by the Fund's custodian, and expenses of any internal or external advisors, including consultants, counsel, accountants and other service providers relating to any of the foregoing.

From time to time, the general partner of a Fund creates certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the general partner creates an SPV, consistent with the Organizational Documents of the Fund, the expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will typically be borne directly by the Fund and indirectly by the investors thereof.

Allocation of Expenses

From time to time SCF will be required to decide whether certain fees, costs and expenses should be borne by SCF, a Fund, a portfolio company and/or a third-party (each, an "Allocable Party") and if so, how such fees, costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. SCF allocates fees, costs and expenses in accordance with a Fund's Organizational Documents. To the extent not addressed in the Organizational Documents of a Fund, SCF will make allocation determinations among Allocable Parties on a fair and reasonable

manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by SCF in its sole discretion). SCF will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

Carried Interest Payments

Please see Item 6 below regarding Carried Interest that Funds may pay.

Brokerage Fees

Although SCF does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

As described in Item 5 above, SCF is entitled to and receives performance-based compensation (that is, compensation based on a share of capital gains on or capital appreciation of the assets of a client) (the “Carried Interest”). Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds (including SCF Investors) may incur lower or no Carried Interest.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying effective rates based on the past performance of a Fund creates an incentive for SCF to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher effective rate, or allocate investment opportunities to such Funds. Performance fees can create an incentive for SCF to recommend investments that are riskier or more speculative than would be the case if such arrangement were not in effect. Generally, and except as may be otherwise set forth in the Organizational Documents of the Funds, this conflict is mitigated, at least in part, by (i) certain limitations on the ability of SCF to establish new investment funds and the fact that SCF organizes the Funds on a schedule so that there is only one Fund which is making new investments at any one time, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. See also Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by SCF.

Item 7 – TYPES OF CLIENTS

SCF's clients are investment funds which are organized as limited partnerships. SCF does not perform investment supervisory services for the limited partners in these partnerships and are exempt from registration under the Investment Company Act of 1940, as amended. SCF's clients are the Funds. Investors in such Funds are not clients of SCF. Investors in the Funds may participate in the Funds through parallel vehicles or alternative investment vehicles in according with the Organizational Documents of the relevant Fund. Such vehicles may also be clients of SCF. The limited partners may include, among others, limited partnerships or limited liability companies, university endowments, other charitable organizations, governmental entities, trusts, estates, pension or profit-sharing plans, or high net worth individuals.

In general, SCF has established a minimum investment for investments in each of its investment partnerships which range from \$100,000 to \$1,000,000. SCF has granted exceptions, however, in circumstances in which SCF deemed an exception to be appropriate.

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

SCF uses various analysis methods to review securities under investment consideration. Such methods include fundamental and cyclical analysis. Specifically, SCF obtains an in-depth working knowledge of a company's operations, internal strengths and weaknesses, market, industry-niche, competitors, financial structure and management personnel.

There is a risk that the analysis methods employed will fail to identify all information which, if known, could result in either deciding to not make the investment or pursuing a substantially different investment structure. Therefore, returns could be lower than expected and a loss on the investment could occur.

Material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

Reliance on SCF. While SCF intends to consult with outside experts about certain aspects of each Fund's business, the Funds will be managed exclusively by SCF. In addition, SCF relies on the services of certain key personnel, and the loss of such key personnel, including due to death, disability or retirement, could have an adverse effect on the Funds. Investors in the Funds will not be able to make investment or any other decisions on behalf of the Funds and will have no opportunity to control the day-to-day operations of the Funds or their portfolio companies.

Concentration on the Energy Service and Equipment Industry. The Funds' investments will be concentrated in a single industry—the energy service and equipment industry, and will be subject to numerous risks that affect the energy industry as a whole and the energy service and equipment industry in particular. Because of the concentration of the Funds' investments in a single industry, an investment in the Funds may be subject to greater risk than an investment in a portfolio of securities representing a broader range of industries.

Investing in the energy service and equipment industry has historically carried risk and has been subject to volatility due to the inherent cyclicity. As such, SCF believes effective management of cost structures and capital expenditures during down cycles is critical to managing cash flows and allowing portfolio companies to pursue growth and diversification as opportunities are identified, even during difficult markets. In addition, SCF believes identifying companies which are able to diversify away from historical oil and gas markets and towards broader industrial markets or sectors focused on addressing climate change through emissions detection and remediation, cleaner energy such as natural gas or alternative energy sources, should give subscribers to the Funds the prospect of participating in this value creation and thereby potentially attractive long-term returns.

No Assurance Return Objectives will be Achieved. While SCF has substantial experience in energy service and equipment company investing, there can be no assurance the Funds' investment objectives will be achieved or that investors in the Funds will recover all or any portion their investment in the Funds. Historical performance is not indicative of future results. There can be no assurance that the types of investment opportunities that have been available to the Funds in the past will be available to any future funds managed by SCF. The investment performance of

the Funds will depend in part upon general economic conditions and the condition of the energy service and equipment industry in particular, which are beyond the control of SCF. Investments in private energy service and equipment companies involve a high degree of risk and investments in the Fund should be made only by those who can bear such risks. Additionally, investment analyses and decisions by SCF may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities.

Long-term Investments. It is anticipated that each Fund investment will be structured such that the return of capital and the realization of gains, if any, will occur either upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. As a result, an investment in the Funds requires a long-term commitment, with no certainty of return, and there will be little or no near-term cash flow available to investors in the Funds.

Additionally, a Fund may make investments that may not be profitably disposed of before the date of the Fund's dissolution, either by expiration of the Fund's term or otherwise. Although SCF expects that a Fund's investments will be disposed of before such dissolution or be suitable for in kind distribution at dissolution, SCF has a limited ability to extend the term of a Fund, and a Fund may be required to sell, distribute or otherwise dispose of its investments at a disadvantageous time as a result of such dissolution.

Lack of Liquidity of Investments by the Funds. Many, if not all, of the Funds' investments will be highly illiquid, and there can be no assurance that the Funds will be able to realize such investments in a timely manner. It is anticipated that most of the Funds' investments will be acquired on a private placement basis and the securities representing such investments will not be registered under state or federal securities laws. Therefore, it is unlikely that there will be a public market for the securities held by the Funds. The Funds generally will not be able to sell their securities publicly unless such securities are registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Funds may be prohibited by contract from selling securities for a period of time or such sale may be subject to certain conditions.

Risk of Limited Number of Investments. Meeting a Fund's investment objectives will depend upon SCF's ability to identify undervalued opportunities and to acquire suitable investments. There can be no assurance that SCF will be able to implement a Fund's investment objectives. A Fund's Organizational Documents generally will require the Fund's general partner to obtain approval of a required interest of investors in the Fund for certain types of investments. However, there can be no assurance that a Fund's portfolio will be adequately diversified against company or market specific risk. The Funds will participate in a limited number of investments and, as a consequence, the aggregate return to an investor in a Fund may be substantially adversely affected by the unfavorable performance of even a single investment.

Competition for Potential Investments. Potential portfolio companies may have many alternative or nontraditional sources of capital and the competition for attractive investments may be intense, especially during periods of improved industry conditions. There can be no assurance that SCF will be able to locate and complete attractive investments that satisfy a Fund's investment objectives or realize upon such investments' values or that it will be able to invest fully the

committed capital of each Fund. However, investors in the Funds will be required to maintain liquidity sufficient to make capital contributions to fund investments by the Funds on a timely basis and will be required to pay Management Fees on a quarterly basis on net committed capital through the expiration or termination of each Fund's investment period, and after that date on net invested capital until the termination of the Fund.

Risk of Investment in Middle Market Companies. Investments in middle market companies such as those in which the Funds intend to invest may entail larger risks than are customarily associated with investments in large companies. Small and medium-sized companies may have more limited product lines and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult, by requiring sales to other private investors. Further, the relative illiquidity of private equity investments generally and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for the Funds to react quickly to negative market developments.

Foreign Investment Risk. Any investments made in areas outside the United States are subject to numerous risks, including risks of political instability, less developed legal systems, war, terrorism, insurrection, changes in local economic conditions, laws and policies, taxes and fluctuations in currency rates.

Reliance on Management of Portfolio Companies. Although it is the intent of SCF to invest in companies with strong operating management having a successful track record, there can be no assurance that the existing management team, or any new one, will be able to operate successfully after a Fund's investment is made. Furthermore, although SCF will monitor the performance of each investment, it will be primarily the responsibility of the management of each portfolio company to operate the company on a day-to-day basis.

Recent Financial Market Fluctuations. In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have

looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when SCF believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that SCF believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more a Fund's portfolio companies. The ability of portfolio companies to refinance debt securities depends on their ability to sell new securities in the public high yield debt market or otherwise.

Valuation of Assets. There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, SCF will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of SCF. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and differs from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by SCF gives rise to conflicts of interest, valuations (including, for instance, a determination of when an investment should be written down or written off) impact SCF's track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance fees and calculation of Management Fees.

Cybersecurity Risk. SCF, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of SCF and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of SCF, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of SCF's systems to disclose sensitive information in order to gain access to SCF's data or that of the Funds' investors. A successful penetration or circumvention of the security of SCF's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to

a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, SCF or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, SCF may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Enhanced Scrutiny and Additional Regulatory Risks. Following global market volatility and dislocations, financial institution failures and financial frauds in recent years, governmental authorities in the United States and elsewhere have called for financial system and participant regulatory reform, including additional regulation of investment funds (which could include the Funds) and their managers (such as SCF) and their activities, including compliance, risk management and anti-money laundering procedures; restrictions on certain types of investments; restrictions on the provision and use of leverage; implementation of capital requirements; and books and records, reporting and disclosure requirements. The ultimate effect of government actions cannot be predicted, but these regulatory reform measures could cause SCF to incur significant expense to comply with such measures.

Regulation generally, as well as regulation more specifically addressed to the private equity industry, including tax laws and regulation, discussed in more detail below, whether in the United States or outside of it, could further increase the cost of acquiring, holding or divesting investments and the cost of operating the Funds, as well as harm the profitability of enterprises and interfere with the ability of SCF to engage in certain transactions.

The transactional nature of the business of SCF exposes the Funds and the SCF's affiliates generally to the risk of third-party litigation. The Funds will generally be responsible for indemnifying SCF and its affiliates for costs they may incur with respect to such litigation. Additional regulation could also increase the risks of third-party litigation.

Tax Reform Risks. President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act"). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. In addition, although not free from doubt, the Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Significant uncertainties remain regarding the application of the provisions of the Tax Act that affect the taxation of carried interest. Enactment of this legislation could cause SCF's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for SCF to incentivize, attract and retain these professionals, which may have an adverse effect on

SCF's ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of SCF may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives SCF an incentive to cause a Fund to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of SCF, service providers to SCF or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. SCF has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that SCF will be able to identify or prevent such misconduct.

Item 9 – DISCIPLINARY INFORMATION

Item 9 is not applicable to SCF.

Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither SCF nor any of its management persons is actively engaged in a business other than giving investment advice. Management persons of SCF have invested at times for their personal accounts in some of the same securities in which client accounts are invested. In all such cases, SCF follows policies that have been established to address the trading of such securities. See Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Neither SCF nor any of its management persons sells products or services other than investment advice to clients. SCF does not recommend or select other investment advisers for its clients.

Neither SCF nor any management person of SCF is registered (or has an application pending) as a securities broker-dealer or a registered representative of a broker-dealer. Neither the Company nor any management person of the Company is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser or an associated person of any of the foregoing entities.

Various limited partnerships and limited liability companies (the “General Partners”) serve as general partners of the Funds, and are related persons of SCF. For a description of material conflicts of interest created by the relationship among SCF and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

SCF has a written Code of Ethics which applies to all management personnel and employees (“SCF Personnel”). A copy of the Code of Ethics will be provided upon request.

The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. SCF Personnel and their families and households from time to time purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, SCF Personnel are also required to file certain periodic reports with SCF’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps SCF detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client, as well as an investor in a Fund, upon written request to: 600 Travis Street, Suite 6600, Houston, Texas 77002 or by emailing adeluca@scfpartners.com.

Participation or Interest in Client Transactions

Certain employees and affiliates of SCF invest in the Funds through the General Partners. By the nature of the Fund structure used by SCF, SCF and its related persons have an ownership interest in each Fund. Because of this structure, SCF and its related persons participate in equity purchases made by its clients. This structure and related participation percentage are clearly spelled out in the Organizational Documents of each Fund. A Fund or its General Partner, as applicable, may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a secondary transaction) may ask different questions and request different information, SCF may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

SCF and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-

related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time conflict with the interests of SCF, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how SCF addresses such conflicts of interest, can be found below.

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

Resolution of Conflicts

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

- (1) SCF will consider the appropriateness of an investment from the viewpoint of a Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Organizational Documents for the Funds;
- (3) Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with SCF. The advisory committees meet as required to consult with SCF as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, SCF will be guided by its good faith discretion;
- (4) Where SCF deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) SCF has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- (6) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

While SCF endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions.

Allocation of Investment Opportunities Among Clients

In connection with its investment activities, SCF may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- The Funds;
- Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Third Parties acting as “co-sponsors” with SCF with respect to a particular transaction.

SCF makes allocation determinations consistent with the Funds’ Organizational Documents and in accordance with its written policies and procedures.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements are generally set forth in the Fund’s Organizational Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow SCF discretion in making allocation decisions among the Funds, SCF will follow the process set forth below.

SCF must first determine which Funds are eligible to participate in an investment opportunity. SCF assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund’s investment objectives, strategies and structure, which are typically reflected in such Fund’s Organizational Documents. Prior to making any allocation to a Fund of an investment opportunity, SCF determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** SCF may be required to offer an investment opportunity to one or more Funds.
- **Related Investments:** SCF may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.

Once SCF identifies the Funds that are eligible to participate in a particular investment, SCF, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, SCF may consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund’s liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate and develop a particular investment opportunity);
- Amount of capital available for investment by each Fund as well as each Fund’s projected future capacity for investment;

- Minimum and maximum investment size requirements;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the Organizational Documents of each Fund.

The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives. SCF makes allocation determinations based solely on SCF's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures or among Funds paying carried interest at varying effective rates, SCF has an incentive to allocate investment opportunities to the Funds from which SCF or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, SCF will not allocate investment opportunities among the Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

In addition, SCF Personnel invest indirectly in Funds and therefore participate indirectly in investments made by the Funds in which they invest. Such interests vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

A Fund may invest in the securities offerings of a portfolio company held by another Fund (including through initial public offerings), which would result in a Fund receiving an allocation of portfolio company securities. In addition to conflicts of interest arising from the allocation of such securities, this arrangement also leads to similar conflicts described below under "*Conflicts Related to Purchases and Sales*." However, any such transaction would require the approval of a majority of the limited partner interests in each fund which either has or makes such investment.

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

Allocation of Secondary Transactions

To the extent SCF has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, SCF will do so in its sole discretion, generally taking into account the following factors:

- SCF's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- SCF's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or SCF and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject SCF, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

Conflicts Related to Purchases and Sales

Funds from time to time hold an interest in an issuer in which another Fund also holds an interest, or invest in conjunction with an investment being made by other Funds or in a transaction where another Fund has already made an investment, for example when different Funds have made investments in different portfolio companies at different times and those portfolio companies later merge. Conflicts may arise in connection with such investments, including for, but not limited to, the conflicts described herein. For example, investment opportunities are from time to time appropriate for more than one Fund at the same, different or overlapping levels of a portfolio company's capital structure. When Funds invest in the same portfolio company, conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, and SCF may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund. For example, in the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

Certain Funds may invest in debt or preferred equity and other securities of companies in which other Funds hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of such Fund will at times conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio company. In particular, the involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. Further, in certain circumstances, Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and, if provided, each Fund will supply such additional capital in such amounts, if any, as determined by SCF. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing.

Investments by more than one Fund of SCF in a portfolio company also raises the risk of using assets of a Fund of SCF to support positions taken by other Funds of SCF, or that a Fund may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition, where more than one Fund of SCF invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. If SCF determines it is advisable for a Fund to exit an investment at the same time as another Fund of SCF or its affiliates, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

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

Cross-Transactions

While, to date, SCF has not done so, in certain cases, to the extent permitted by a Fund's governing documents, SCF may, from time to time cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or SCF might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, SCF, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). SCF and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. While, to date, SCF has not done so, in connection with SCF's management of the Funds, SCF and its affiliates may engage in principal transactions. SCF has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of the Funds

SCF manages a number of Funds that have investment objectives similar to each other. SCF expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Funds. SCF may give advice or take actions with respect to, the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund generally may not be able to invest through the same investment vehicles or utilize similar investment strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that employees of SCF responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by SCF, including funds raised in the future or to proprietary investments made by SCF and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of SCF Personnel. SCF

Personnel have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds.

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

In addition, SCF receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As a result, SCF is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. SCF has in the past and is likely in the future enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. SCF will, in certain instances, use this information in a manner that may provide a material benefit to SCF, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, SCF may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. SCF is likely in the future to utilize such information to benefit SCF, its Affiliates or certain Funds in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances, but does not intend to specifically disclose such conflicts to the relevant Funds.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested, to the extent permitted by a Fund's governing documents. In addition, while such a scenario has not yet occurred, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest, to the extent permitted by a Fund's governing documents. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the General Partner and SCF

SCF Personnel and its affiliates make capital investments in certain Funds, and therefore have additional conflicting interests in connection with these investments.

In addition, Funds from time to time may invest in securities of companies in which SCF Personnel and SCF's affiliates have previously invested for their own accounts. Furthermore, SCF Personnel and other affiliates from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. While the significant interests of SCF Personnel in the Funds generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest. In addition, SCF Personnel, from time to time, also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential counterparties of the Funds, parties with which the Funds invest and/or which may invest in similar industries and sectors as the Funds. Such SCF Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio companies as the Funds and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds and the relationship of SCF personnel with such other investment vehicles may raise conflicts of interest as such personnel may have an incentive to cause the Fund to take actions that benefit such other vehicles. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had the conflicts described above not existed.

SCF, its affiliates, and shareholders, officers, principals and employees of SCF and its affiliates may buy or sell securities or other instruments that SCF has recommended to Funds. SCF Personnel may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing SCF Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by SCF on behalf of the Fund. In such circumstances, the investing Adviser personnel will not share or reimburse the relevant Fund(s) and/or SCF for any expenses incurred in connection with the investment opportunity.

The transactions described above are subject to the policies and procedures set forth in SCF's Code of Ethics and investors will not benefit from any such investments.

SCF Personnel may have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. In most such circumstances, the Funds' Organizational Documents will not preclude Funds from undertaking any of these investment activities or transactions.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when SCF would not otherwise have done so.

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

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

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

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

Providers of Operations Support

SCF, the Funds and/or the portfolio companies from time to time retain other companies and individuals ("Operations Support Providers"), which includes former employees of SCF, portfolio companies of the Funds, third party consultants (including specialized consultants, advisers, industry specialists, external executives, industry advisory roundtable members, and similar professionals), "operating partners" or "senior advisors".

The Operations Support Providers are engaged to provide operational support, due diligence, research, specialized operations and consulting services and similar or related services to the

Funds, or in connection with, one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies (such services collectively, “Operations Support Services”). These services may be high level insight or extensive day-to-day roles, and may include support to the general partner on behalf of the Funds or portfolio companies regarding, among other things, the company’s management (including serving in management positions or participating in determining corporate strategy), the company’s supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. Certain Operations Support Providers may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. In certain cases, Operations Support Providers have attributes of SCF Personnel (for instance, they may have dedicated office space, receive SCF administrative support services, participate in general meetings or events for SCF Personnel, have SCF e-mail address or business cards), even though they are not employees, affiliates or personnel of SCF. Operations Support Providers will under certain circumstances be offered the ability to invest in the Funds and will under certain circumstances be offered the opportunity directly by the portfolio company to invest in the company, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Pursuant to the Organizational Documents of the Funds, fees, compensation, expenses and any attributable overhead associated with Operations Support Services (collectively, “Operations Expenses”) are paid and/or reimbursed by SCF and/or the portfolio companies. Any Operations Expenses paid or reimbursed by SCF will not offset the Management Fees payable by the Funds. Operations Expenses (including Operations Expenses incurred in connection with an Operations Support Provider that is an affiliate or employee of SCF or its affiliates) may be determined at the discretion of the general partner taking into account the particular Operations Support Services, may include reimbursement of an allocable portion of an affiliated Operations Support Provider’s compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces), an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in the Funds and/or portfolio company or other incentive-based compensation to the Operations Support Provider, and may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the general partner, in its good faith discretion, but will generally be based on whether third parties typically provide such services to investment

advisers or companies. Operations Expenses may also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by a portfolio company, such Operations Expenses will be retained by such Operations Support Provider and will not reduce the Management Fee or any other fees otherwise payable to SCF or its affiliates and will not benefit the Fund or its investors, even if the Operations Expenses paid by a portfolio company have the effect of reducing any retainers or minimum amounts otherwise payable by SCF. The determination of whether an Operations Expense is paid by a portfolio company or SCF will be made by SCF in its good faith discretion. The General Partner's good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors. Over time, certain existing and former employees of SCF (including senior personnel) may transition to an Operations Support Provider role, which may shift the burden of compensating such persons from SCF to the applicable portfolio companies (and thus indirectly by the Funds) and any fees received by such persons will not reduce the Management Fee.

Diverse Membership

The investors in the Funds include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by SCF or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, SCF and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Business with and Among Portfolio Companies and Investors and Prospective Investors

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

Current and former officers and executives of portfolio companies may also invest in a Fund. While SCF believes this aligns portfolio company management teams with the best interests of the Fund, SCF may, in certain circumstances, be incentivized to take (or refrain from taking) certain

actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

In certain instances, a Fund's portfolio company is a customer of or is a service provider to another Fund's portfolio company or may compete with another Fund's portfolio company. In providing advice to a portfolio company's business, SCF may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by SCF to a portfolio company may have adverse consequences to a separate portfolio company owned by another Fund. The performance and operations of a customer or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

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

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

Service Providers

Services required by a Fund (including some services historically provided by SCF or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of SCF or its affiliates. This can create a conflict of interest because SCF and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by SCF to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any

additional services) in whole or in part to a third-party service provider in the future and SCF has no obligation to inform such Funds or investors of such a change. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the relevant Funds.

Additionally, SCF Personnel and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence SCF in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. Although SCF selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that SCF, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain other service providers to SCF, the Funds and/or the portfolio companies, or affiliates of such service providers, may also provide goods or services to or have business, personal, financial or other relationships with SCF, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which SCF and/or the Funds have an investment, and payments by a Fund and/or such portfolio companies may indirectly benefit SCF and/or such Fund.

SCF, its personnel, the Funds and the portfolio companies of the Funds from time to time engage common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to SCF, its personnel, the Funds, and/or the portfolio companies without the knowledge of SCF. As a result, SCF or its personnel may receive a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or may receive a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between SCF and its personnel, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that SCF will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to SCF, its personnel or its affiliates, and the Advisory Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

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

SCF and the Funds will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest (e.g., cross

transactions and other affiliated transactions). Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, SCF and/or its affiliates, the parties may engage separate counsel in the sole discretion of SCF and its affiliates, and in litigation and other circumstances separate representation may be required.

Positions with Portfolio Companies

Employees of SCF serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an SCF Personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such SCF Personnel may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciaries duties among the two portfolio companies may create a conflict of interest. In addition, employees of SCF have in the past, and may in the future, on occasion leave the employment of SCF or its affiliates and become an officer or employee of a portfolio company.

Decisions made by a director may subject SCF, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify SCF and their partners, principals and employees from such claims.

In addition, the employees of SCF serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company.

From time to time employees of SCF may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such person's employment with SCF. In such circumstances, any compensation or fees received with respect to such exited investment and/or by such former employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or investors.

In connection with co-investment opportunities, some co-investors (which may include one or more investors in the Funds) are often provided with the opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in the Funds. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance

of additional equity by the company. Such rights may limit the ability of SCF to take actions with respect to the portfolio company that SCF considers to be in the best interests of the Funds.

Certain personnel of SCF or its affiliates are, from time to time, temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse SCF or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. SCF may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by SCF or its affiliates to such persons will, in certain cases, be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the Management Fee paid or Carried Interest distributed by the Fund to SCF will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by SCF and reimbursed by a portfolio company) will not reduce the Management Fee otherwise payable to SCF or any Carried Interest otherwise payable to SCF or its affiliates. All or a portion of any such compensation and incentives will be borne by the Fund, directly or indirectly, via its ownership interest in such portfolio company.

Side Letter Agreements; Advisory Committee Rights

SCF, from time to time, enters into certain side letter arrangements with certain investors in a Fund providing such investors with different rights or terms, including but not limited to different information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, and liquidity or transfer rights. Except as otherwise required in Organizational Documents, SCF (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund. Generally, SCF will allow any limited partner to benefit from any such different rights or terms. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

Generally, each Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee because those designating limited partners will, for instance, have greater information rights. The advisory committee may also have the ability to consult regarding conflicts of interests with respect to SCF and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives of the advisory committee may have various business and other relationships with SCF Personnel. These relationships may influence the feedback provided by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members may be requested to consult with respect to such conflicts of interest and will not recuse themselves from any such vote.

Other Potential Conflicts

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

SCF and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund or portfolio company expenses may result in "miles" or "points" or credit in loyalty/status programs to SCF and/or its personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit SCF and/or such personnel even though the cost of the underlying service is being borne by the Funds, their investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for an Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

SCF has in the past and may, in its discretion, in the future have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of SCF. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between SCF and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that SCF may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

SCF has in the past and may, from time to time in the future, cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, SCF and/or SCF Personnel and their respective agents, representatives, members of the advisory committee

and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by SCF that cover one or more Funds and/or SCF (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). SCF will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or SCF on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Please see the discussion above under the sub-heading “Resolution of Conflicts” for a description of the means by which SCF and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

Item 12 – BROKERAGE PRACTICES

SCF rarely engages broker-dealers, with exceptions being (1) taking an investment public via an Initial Public Offering or (2) liquidating any shares held of an exchange-listed company.

In placing each transaction for a Fund involving a broker-dealer, SCF will seek “best execution” of the transaction. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

When selecting a broker-dealer to pursue an initial public offering, SCF considers prior experience with a broker-dealer and its knowledge of the industry. When selecting a broker-dealer to sell publicly-traded shares, SCF evaluates a broker-dealer’s experience in trading shares of the specific company (such as whether it is a market maker in said security) and SCF’s prior public-share trading experience with the broker-dealer.

SCF does not currently utilize soft dollar benefits. Soft dollar benefits include research and related services furnished by brokers including written information and analyses (including specific market, financial and economic studies and forecasts), statistics and pricing services, discussions with research personnel and similar services used in the investment and trading process in return for the investment manager paying a broker a commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of such services or facilities provided by the broker. To the extent SCF should decide to enter into soft dollar transactions, SCF will effect such transactions in compliance with the safe harbor provided by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended. As the ultimate general partner of the Funds, SCF has full discretion to determine when the securities held in the investment partnership will be sold, the amount to be sold, the broker or dealer or other person to be used for such sale and the commission rates to be paid.

In order to monitor best execution, SCF’s Chief Compliance Officer will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of SCF and each Fund.

Aggregation of Trades

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

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

Item 13 – REVIEW OF ACCOUNTS

On a quarterly basis, written reports are provided to all of the investors in each Fund. Such reports include a brief industry overview, a discussion of any major investments, liquidations or other transactions, valuations of each investor account, the recent and historical comparative financial statements for each company underlying the investment securities and a brief narrative describing the related financial results and major initiatives.

Reviews of accounts and pertinent financial and operating reports are performed regularly by officers of SCF. SCF is continuously monitoring operations performance, financial performance and the strategic direction of each investment.

Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION

SCF does not receive any compensation for any referrals it may make. In addition, it does not pay compensation for any referrals it may receive.

Item 15 – CUSTODY

Item 15 is not applicable to SCF.

Item 16 – INVESTMENT DISCRETION

SCF has discretionary authority to manage the Funds' accounts subject to the direction and control of the General Partner of each Fund and not individually to the investors in the Funds. There are certain limitations stated in the related investment fund agreements such as: concentration limits, industry focus, and geographic limitations. Currently, the Organizational Documents of each Fund limit the industry in which monies may be invested to the worldwide energy services and equipment industry.

Item 17 – VOTING CLIENT SECURITIES

The proxy-voting decision-making process is initiated with a review of the particular proxy statement by the investment professional covering the particular investment. Such investment professional will make a decision with respect to how the proxies for that issuer are to be voted, for which he or she may rely on any of the information and/or research available to him or her, and then communicates this information to other officers of SCF. A group of officers consisting of at least a majority of the entire officer group of SCF will make the decision as to the appropriate decision for any particular vote.

In order to help mitigate any conflicts of interest between SCF and the Funds, no officer, director, shareholder or employee of SCF is permitted to participate in the proxy voting process for a particular security if that person is a member of the management or board of directors of the issuer of that security, or has a personal interest in the issuer that is not, in SCF's judgment, aligned with the interests of the Funds. Such a restriction does not apply where the officer, director, shareholder or employee of SCF is acting in his or her role as a director of the issuer, as SCF believes the Funds benefit from SCF personnel serving on the boards of directors of certain portfolio companies.

SCF's CCO has the responsibility to monitor votes for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions will require a mandatory conflicts of interest review by SCF's CCO in accordance with these policies and procedures, which will include consideration of whether SCF or any investment professional or other person recommending how to vote has an interest in how the vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. SCF's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds. A copy of SCF's proxy voting policies and procedures is available upon request.

Item 18 – FINANCIAL INFORMATION

The disclosures required by Item 18 do not apply to SCF.