

VALUEACT CAPITAL MANAGEMENT, L.P.

PART 2A OF FORM ADV

THE BROCHURE



1 Letterman Drive, Building D, 4th Floor
San Francisco, CA 94129
(415) 362-3700
www.valueact.com

Updated: March 28, 2024

This brochure provides information about the qualifications and business practices of ValueAct Capital Management, L.P. ("ValueAct Capital" or the "Company"). If you have any questions about the contents of this brochure, please contact ValueAct Capital at 415-362-3700. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about ValueAct Capital is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 Material Changes

ValueAct Capital is required to identify and discuss any material changes made to its brochure since the last annual brochure update. Since the last annual brochure update, dated March 29, 2023, ValueAct Capital’s brochure has been updated to reflect the following:

- ValueAct Capital updated its Form ADV Part 2A, Item 12 regarding soft dollars.

Item 3 Table of Contents

Item 2 Material Changes	2
Item 3 Table of Contents	2
Item 4 Advisory Business	2
Item 5 Fees and Compensation	3
Item 6 Performance-Based Fees and Side-by-Side Management	8
Item 7 Types of Clients	9
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9 Disciplinary Information	26
Item 10 Other Financial Industry Activities and Affiliations	26
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ...	26
Item 12 Brokerage Practices	28
Item 13 Review of Accounts	35
Item 14 Client Referrals and Other Compensation	36
Item 15 Custody	37
Item 16 Investment Discretion	37
Item 17 Voting Client Securities	37
Item 18 Financial Information	39

Item 4 Advisory Business

ValueAct Capital was founded in June 2000 and is owned 25% or more by ValueAct Holdings II, L.P. (“VA Holdings II”). ValueAct Capital Management, LLC serves as the general partner of the Company and is owned 25% or more by VA Holdings II. None of the members of VA Holdings II own 25% or more of ValueAct Capital.

As of January 31, 2024, the Company managed approximately \$9.8 billion of regulatory assets under management on a discretionary basis on behalf of seventeen clients.

ValueAct Capital provides discretionary investment advice and management services to private investment funds (“private funds”) and certain other investment vehicles (that include, but are not limited to, separately managed accounts and special purpose vehicles, collectively referred to as “Co-Investment Vehicles,”) each a “client” and collectively the “clients”, which may be organized as onshore or offshore limited partnerships or other types of vehicles. ValueAct Capital’s private funds generally conduct their trading activities through a master-feeder structure. In a master-feeder structure, each feeder fund contributes its investible assets to a master fund and participates

on a pro rata basis in the profits and losses of the master fund and bears a pro rata portion of the expenses of the master fund, based on the respective capital account balances of all private funds investing through the master fund. An affiliate of ValueAct Capital serves as the general partner to each onshore feeder fund, offshore feeder fund, and master fund.

With the exception of any separately managed account(s), each private fund is managed only in accordance with its own investment objectives and is not tailored to any particular private fund investor (each an “investor”). ValueAct Capital currently manages two families of private funds. The Flagship Fund employs long-term, concentrated, active value investing in a select number of companies generally without geographic limitation. The Japan Fund generally employs long-term, concentrated, active value investing in a select number of Japanese public companies. ValueAct Capital also manages investment vehicles designed to make long-term, strategic-block equity co-investments along with the private funds in certain public companies (“Co-Investment Vehicles”).

Since ValueAct Capital does not provide individualized advice to the investors in private funds, investors must consider whether a particular private fund meets their investment objectives and risk tolerance prior to investing. **Information about each private fund can be found in its offering documents, including its *Confidential Memorandum* (“CM”). However, the private funds rely on certain registration exclusions available under the Investment Company Act of 1940, as amended (“IC Act”) and exemptions available under the Securities Act of 1933, as amended (“Securities Act”). Therefore, this brochure is designed solely to provide information about ValueAct Capital and should not be considered an offer of interests in any ValueAct Capital private fund. Any such offer may only be made by delivery to the prospective investor of the CM for the private fund under consideration.**

ValueAct Capital currently provides advice to private funds and one or more separately managed accounts but reserves the right to provide advice to other types of clients. Any other client accounts would be managed in accordance with the client’s stated investment strategies, objectives, restrictions, and any other agreed upon guidelines.

Item 5 Fees and Compensation

ValueAct Capital and/or the applicable general partner of the clients have the authority to (1) deduct management and performance-based fees from the assets of the clients, and (2) authorize the payment or reimbursement of other fees or expenses to third parties from the assets of the clients.

Management Fees

ValueAct Capital’s clients (with the exception of certain Co-Investment Vehicles which do not incur management fees) and consequently the underlying investors, incur an annual management fee ranging from 25 bps to 2.0% (depending on the particular tranche and size of limited partnership interests in which an underlying investor has invested) based on the investor’s capital account balance as of the end of the specified fee period. The management fee is charged quarterly, in arrears. If the applicable general partner allows an investor in a private fund to withdraw capital from the private fund prior to the end of a quarter, the investor incurs a pro-rated management fee

for the period in which the withdrawn assets remained invested in the private fund.

Personnel of ValueAct Capital from time to time serve on the boards of directors of public and private companies, including those in which the clients invest (“portfolio companies”). In the case of portfolio companies, ValueAct Capital’s personnel are required to give any directors’ fees to ValueAct Capital, which will offset the management fees, as applicable, paid by the relevant client(s) by the amount of the directors’ fees. In addition, ValueAct Capital is required to give to the relevant client(s), as applicable, any equity awards, stock options, or other non-cash compensation received by the Company’s personnel in connection with serving on the boards of directors of portfolio companies. ValueAct Capital generally intends to waive any such compensation that is in the form of an equity grant or similar award going forward. Finally, ValueAct Capital will offset the management fees paid by the relevant client(s) by the amount of any transaction or monitoring fees paid to ValueAct Capital or its affiliates in connection with a client’s investment activities. Certain Co-Investment Vehicles (1) do not incur management fees, or (2) do not provide for offsetting of fees, therefore the offsetting of fees described above is not applicable to those clients.

Finally, ValueAct Capital charges reduced or no management and performance-based fees to ValueAct Capital, its affiliates, current and former employees and their family members, and current and former consultants. ValueAct Capital has no obligation to disclose the specific details of such arrangements or to offer such additional rights, terms, or conditions to all investors.

Performance-Based Fees

Please see the “Performance-Based Fees and Side-by-Side Management” section.

Expenses

ValueAct Capital and/or the applicable general partner of the clients are authorized to incur expenses on behalf of the clients; when this occurs, the appropriate client reimburses ValueAct Capital and/or the applicable general partner in the amount of such expenses.

The applicable general partner or ValueAct Capital will be responsible for certain ordinarily recurring and other reasonable expenses of the clients such as rent, travel (except for travel related to Private Portfolio Investments, as defined in Item 8 herein), supplies, secretarial expenses, charges for furniture and fixtures, telephone, stationery, employee insurance, payroll taxes, compensation of the general partner’s professional and administrative personnel, expenses related to the Company’s or any of its affiliates’ registration with the Securities and Exchange Commission or any international regulatory body or regime, such as expenses incurred in connection with preparing and updating Form ADV (“Overhead Expenses”).

The clients shall be responsible for all their expenses, other than Overhead Expenses, including expenses for investments specific to the relevant client. The Company shall be authorized to incur and pay all expenses on behalf of the clients in connection with the client’s business which it deems necessary or desirable, and to charge or to be reimbursed by the clients for those expenses. The clients may share certain expenses. With respect to any expenses, other than Overhead Expenses (“Client Expenses”), that are allocated to a specific investment:

- (i) such expenses shall be borne by the clients, pro rata to the market value of that specific investment held by each of the clients, provided;
 - that the expenses of the Flagship Fund or Japan Fund incurred in connection with the preparation, research, and making of an initial investment in a specified issuer (investments made by the Flagship Fund or Japan Fund before ValueAct Capital has determined to offer such investment to investors in a Co-Investment Vehicle) shall not be allocated to a Co-Investment Vehicle;
- (ii) any Client Expense allocated to a Co-Investment Vehicle shall be allocated to investors pro rata based on the invested amounts or capital commitments, as applicable, to such investment.

With respect to any Client Expense not allocated to a specific investment:

- (i) to the extent any such expense is not related to a particular client but relates to more than one of the clients, such Client Expense shall be borne by the relevant clients, pro rata based on the net asset value of the clients, or such other method as deemed equitable, in good faith, by the applicable general partner, taking into account the type of Client Expense;
- (ii) any Client Expense allocated to a Co-Investment Vehicle shall be allocated to the investors pro rata based on overall capital commitments; and
- (iii) organizational expenses shall only be borne by the relevant client.

The Flagship Fund, Japan Fund and certain Co-Investment Vehicle feeder funds (the “feeder funds”) and certain Co-Investment Vehicles bear their own expenses as well as a pro rata share of the relevant master fund’s (as applicable) expenses including, but not limited to, transaction and trading-related expenses (e.g., commissions and brokerage charges, other prime brokerage fees, clearing and settlement charges, interest expenses, expenses relating to short sales, stock borrow fees, financing expenses, data services, investment bankers, appraisers, bank service fees and related transactional expenses)¹; order management systems, as well as other analytical systems; compensation payable to research consultants engaged to evaluate or appraise particular investments; all research-related expenses with respect to potential and actual investments; all travel-related expenses (including first-class or business-class travel) incurred in connection with Private Portfolio Investments only; appraisals for Private Portfolio Investments and any other difficult to value investments; news and quotation equipment and services (including Bloomberg and similar subscriptions); systems and software used in connection with the operation of the private funds and investment related activities; costs associated with shareholder engagement of portfolio companies, such as expenses related to event hosting and production, public presentations, websites, public relations and public affairs, government relations, consultants, forensic and other analyses, investigations, litigation, proxy contests, solicitations, tender offers,

¹ Please see the “Brokerage Practices” section below for further information about ValueAct Capital’s brokerage practices and other trading-related matters.

and any expenses of director or executive nominees proposed by the Company; defending the private funds (or the Company, the applicable general partner or any other indemnified party) against any threatened or actual litigation associated with any potential or actual portfolio company investments; any other legal fees related to the investment activities of the private funds, including potential or actual investments of the private funds; legal expenses related to potential or actual government or regulatory actions with respect to the private funds (including but not limited to expenses relating to regulatory or similar investigations, inquiries, “sweeps,” and any resulting fines and any litigation or threatened litigation); expenses related to regulatory filings (e.g., Form PF, blue sky, Hart-Scott-Rodino, Sections 13 and 16 of the Securities Exchange Act of 1934, as amended, the Financial Instruments and Exchange Act of Japan, the Foreign Exchange and Foreign Trade Act of Japan, as amended, and other applicable law, non-U.S. and other corporate filing fees and expenses) made in connection with the private funds’ business and other regulatory expenses; taxes (including but not limited to partnership taxes); organizational expenses and initial and ongoing offering expenses (including legal fees); governmentally imposed expenses; administrative expenses; custodians; expenses related to the organization and continued operation of the Irish Collective Asset-Management Vehicles held by the private funds, including litigation, regulatory advisors or consultants, regulatory expenses, legal expenses; expenses relating to the offering and sale of interests in compliance with the Directive 2011/61/EU on Alternative Investment Fund Managers, including any implementing national laws, rules or regulations, and the United Kingdom’s Alternative Investment Fund Managers Regulations 2013, as amended including by the European Union (Withdrawal) Act 2018 and the Alternative Investment Fund Managers (Amendment Etc.) (EU Exit) Regulations 2019, and any other applicable regulations and any ongoing costs associated with such filings, expenses of and relating to any Alternative Investment Fund Managers; any expenses incurred through investments in partnerships or other entities (including registered investment companies) engaged in investment activities; directors expenses and other similar expenses; accounting expenses (including third party accounting services, if any), audit (including custody audit, if any) and tax preparation expenses (including preparation costs of financial statements, tax returns and reports to private fund investors); any and all fees and expenses relating to representation by the tax matters partner or the partnership representative, as applicable, of the relevant private fund and the private fund investors; expenses to which the indemnification provisions of the relevant governing document apply; the costs of adding the clients as an insured party under the applicable general partner’s Directors & Officers and Errors & Omissions insurance policies; the costs of such insurance as may be obtained to provide for the protection of the clients and indemnified parties against claims covered by the indemnification provisions of the relevant governing document (except as otherwise provided in such agreement); management fee; other ordinary and extraordinary expenses associated with the operation of the private funds; and any other similar expenses to those described above. For the avoidance of doubt, “similar expenses” refers to any expenses that are similar in type and nature to the expenses described above.

In addition, the Japan Fund bears its own expenses relating to fees payable to sub-advisors including, without limitation, through investments in pooled investment vehicles; fees and expenses in connection with any advisory board, committee or independent representative(s) of the Japan Fund general partner, including the Advisory Board; costs and expenses incurred in connection with the dissolution, winding up, termination and liquidation of the private funds.

ValueAct Capital seeks to allocate expenses fairly, equitably, and consistent with the documents

governing the Company's relationship with each client. When allocating expenses, ValueAct Capital must interpret the clients' governing documentation and make determinations whether expenses are allocated and paid in full or in part by a client, by clients, and/or by the Company, which creates a conflict of interest. The Company has implemented policies, procedures, and guidelines designed to mitigate such conflicts of interest.

Further information with respect to the fees and other expenses incurred by the clients, and ultimately the underlying investors, can be found in each client's governing document.

Private Fund Withdrawal Rights and Associated Fees

Certain of the Co-Investment Vehicles do not allow for withdrawals until the liquidation (or distribution in kind) of the investment(s) in which an investor participated. Certain other Co-Investment Vehicles do not allow for withdrawal until the end of the investment term. Investors in the Flagship Fund and the Japan Fund generally may withdraw their capital at the time periods specified in each private fund's *CM*, subject to the specified notice periods and lockup periods, as applicable, depending on the tranche of limited partnership interests in which an underlying investor has invested. Where lockup periods apply, investors in certain tranches of the private funds generally have early withdrawal rights, subject to limitations as to the withdrawal amount and early withdrawal fees, depending on the amount of capital withdrawn and the timing of the withdrawal.

ValueAct Capital and/or the applicable general partner of the private funds have the authority to allow withdrawals other than at the time periods specified in each private fund's *CM*. In these instances, ValueAct Capital has the authority to require the investor to pay to the applicable private fund an amount that reflects the expenses incurred in facilitating the withdrawal. If ValueAct Capital and/or the applicable general partner of the private funds allow an investor in a private fund to withdraw capital from the private fund prior to the end of a quarter, the investor, in the case of any private funds subject to a management fee, incurs a pro-rated management fee for the period in which the withdrawn assets remained invested in the Flagship Fund or Japan Fund as applicable. The applicable private funds' general partner reserves the right to waive the applicable notice period and/or allow other than annual withdrawals for certain current and former ValueAct Capital employees and their family members. Additionally, the applicable general partner is not subject to lockup periods with respect to its interests in the private funds.

Any investor that makes a withdrawal from a private fund will not be able to withdraw that portion of its capital account that is in Private Portfolio Investments (please see definition below under "Types of Investments") until such Private Portfolio Investments are liquidated, determined by the applicable general partner to no longer be Private Portfolio Investments, or otherwise allowed at the discretion of the applicable general partner. In addition, the applicable general partner may, in its sole discretion, reserve and withhold from distribution a reasonable estimate of expenses due with respect to such withdrawing investor's capital account.

Side Letters

ValueAct Capital enters into side letter agreements with certain large or strategic investors granting them, among other things, greater portfolio transparency, additional rights to reports, reductions in fees, and more favorable redemption rights in comparison to the standard investment terms

applicable to other investors per the disclosures in each private fund's *CM*. Side letter agreements may also include most favored nation clauses, key person provisions, restrictions with respect to permitted investment sectors, and allocations of Private Portfolio Investments.

ValueAct Capital has no obligation to disclose the specific details of such arrangements or to offer such additional rights, terms, or conditions to all investors.

Item 6 Performance-Based Fees and Side-by-Side Management

The Flagship Fund charges a "performance allocation" generally equal to 20-25% of the net profits or the net profits above the benchmark (as defined in the Flagship Fund's governing documents), in certain cases after a performance hurdle or preferred return, attributable to each investor, which is paid to ValueAct Capital, or the general partner of the private funds, either at the end of the year, at the end of a year that a lockup period expires (as applicable based on the tranche invested in), upon expiration of a lockup period, upon withdrawal of capital, or upon transfer by an investor from one tranche to another. The Japan Fund charges a performance allocation up to 20-25% of the net profits or the net profits above the benchmark (as defined in the Japan Fund's governing documents) in certain cases after a preferred return, attributable to each investor, assessed annually on each 12-month anniversary. For withdrawals and transfers, the performance allocation only applies with respect to the amount of capital withdrawn or transferred.

Investors in certain Co-Investment Vehicles are subject to carried interest provisions. Each investor will first receive a return of capital on all realized investments plus other allocated expenses borne by such investor, and a preferred return or benchmark (as defined in the relevant Co-Investment vehicle governing documents) on the above amounts.

The performance allocations, or in the case of certain Co-Investment Vehicles the carried interest distribution, are calculated as specified in each private fund's governing documents. Depending on the private fund (and the different investor tranches, as available for the relevant private fund), benchmark, high water marks, hurdle rates, and preferred returns may apply to the performance allocation.

Performance-based fees are charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940 ("Advisers Act").

Performance-based fees may create an incentive for ValueAct Capital to make riskier or more speculative investments on behalf of the private funds than would be the case in the absence of such fees. In addition, except in the case of the Co-Investment Vehicles, the performance-based fees received by the general partners of the Flagship Fund and Japan Fund reflect both realized and unrealized gains and losses. Accordingly, members of the general partners of the Flagship Fund and Japan Fund could earn performance-based fees on unrealized gains that the Flagship Fund and Japan Fund might ultimately never realize.

Trading activities of the clients will overlap at times and conflicts could arise in managing those activities. Please see Item 12 Trade Aggregation and Allocation for information relating to ValueAct Capital's management of those entities.

Finally, ValueAct Capital charges reduced or no management and performance-based fees to ValueAct Capital, its affiliates, current and former employees and their family members, and current and former consultants. ValueAct Capital has no obligation to disclose the specific details of such arrangements or to offer such additional rights, terms, or conditions to all investors.

Item 7 Types of Clients

ValueAct Capital provides investment advisory services to private funds, which are generally organized as limited partnerships under the laws of the State of Delaware or another appropriate jurisdiction or, in the case of offshore private funds, as limited partnerships under the laws of the British Virgin Islands. ValueAct Capital expects each private fund to qualify for an exclusion from having to register as an investment company under the IC Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereunder, and to offer interests to investors pursuant to Regulation D or Regulation S under the Securities Act. Thus, this disclosure brochure may discuss information relevant to such investors, as necessary or appropriate. **Nonetheless, this brochure is designed solely to provide information about ValueAct Capital and should not be considered as an offer of interests in any ValueAct Capital private fund. Any such offer may be made only by delivery to the prospective investor of the CM for the private fund under consideration.**

In addition, ValueAct Capital provides investment advisory services to one or more separately managed accounts.

Client investors may include high net worth individuals and a variety of institutional investors (e.g., trusts, employee benefit plans, endowments, foundations, public pension plans, sovereign wealth funds, corporations, private funds of funds, and other types of entities).

Certain clients or investors in the private funds may expose ValueAct Capital to potential conflicts of interest. For example, officers and directors of companies in which the clients invest have invested in the clients. Investments by such parties may expose ValueAct Capital to potential conflicts of interest with respect to proxy voting decisions and investment decisions and could expose ValueAct Capital to risks relating to the receipt of material non-public information or other confidential information relating to the company in question. In addition, ValueAct Capital employees have made, or may make, contributions to charitable organizations that have invested in the clients. ValueAct Capital may have a conflict between acting in the best interest of the clients and making decisions that build goodwill with the aforementioned types of investors so they will maintain or increase their investments in the private funds. Please see the “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” section for additional information about ValueAct Capital’s insider trading policy and the “Voting Client Securities” section for additional information about ValueAct Capital’s proxy voting policies and procedures.

When accepting new investors, the clients (except for certain Co-Investment Vehicles) generally require a minimum investment of \$5 million but may accept lesser amounts at the discretion of ValueAct Capital and/or the general partner of the relevant clients.

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

Investment Strategy

The Flagship Fund concentrates on acquiring significant ownership stakes in a limited number of companies that it believes are fundamentally undervalued. The Japan Fund concentrates on acquiring significant ownership stakes in a limited number of Japanese companies that it believes are fundamentally undervalued. The ValueAct Capital investment team seeks to identify companies that are out of favor or may be undergoing significant transition. The investment team believes that such companies may be temporarily mispriced for a variety of reasons, including perceived unfavorable industry conditions, poor business performance, changes in management or ownership, reorganizations, or other external factors. These conditions can often result in fundamentally “good” businesses that are available at depressed valuations. In most of ValueAct Capital’s core² investments, the goal is to work productively with management and/or the company’s board to implement a strategy or strategies that maximize returns for all stakeholders.

The Co-Investment Vehicles’ investment objectives are to seek superior returns by co-investing with the other clients in certain public companies.

ValueAct Capital’s investment strategy is described in greater detail in each client’s *CM* (or governing document, as applicable).

Types of Investments

Flagship Fund and Japan Fund

Investing in securities involves risk of loss that investors should be prepared to bear. ValueAct Capital manages client investments primarily in equity and equity-linked securities of an issuer. ValueAct Capital manages such investments by utilizing financial instruments both for investment purposes and, from time to time, to seek to hedge against fluctuations in the value of the private funds’ portfolios as a result of changes in currency exchange rates, market interest rates, and equity prices. Such instruments may include forward contracts, stock index futures, options, swaps, caps, and floors. Although not a significant part of the investment strategy, ValueAct Capital may also manage such investments by engaging in short sales and investing in corporate debt securities. Corporate debt securities include corporate bonds, debentures, notes, convertible securities, and other similar corporate debt instruments. Finally, the Flagship Fund and Japan Fund generally may not invest more than 25% of its assets, as of the date of the investment, in the securities of any one issuer.

² Core investments reflect those made by the relevant private fund since that particular private fund’s inception:

- (i) for which the relevant private fund had a designee or nominee on the board of the portfolio company;
- (ii) for which the relevant private fund filed a Schedule 13D or 13G or made a similar non-U.S. filing (e.g. a Large Shareholding Report) or other notification with respect to the investment; and/or (iii) (a) in the case of the Flagship Fund only, were discussed in a Flagship Fund investor quarterly letter as a core investment, which is determined by the Chief Investment Officer based on such factors as relative size of the investment as a percentage of the fund (generally 4-20% of the portfolio) or dollar size of the investment (current representative size of a core investment generally ranging from \$500 million to \$2 billion), or (b) in the case of the Japan Fund only, constitutes at least 20% of the committed capital of the Japan Fund or were otherwise determined in the discretion of the Japan Fund Portfolio Managers to be a core investment. Japan Fund Core investments do not include investments in or derived from an index, macro or sector hedge, or currency investment.

It should not be assumed that any or all of these investments were or will be profitable.

ValueAct Capital has the ability to invest, as described in the applicable governing document, a specified percentage (depending on the relevant tranche of interests) of the net asset value of each investor's capital account balance, in "Private Portfolio Investments," which are defined to include: (i) securities of companies or other entities the shares or interests of which are held by fewer than 300 stockholders; (ii) any other company or entity that has, in the determination of the applicable general partner, predominantly similar characteristics of such company or entity; (iii) any company or entity which, following the investment, will not have publicly traded common equity; and (iv) any other investments deemed by the applicable general partner, in its sole discretion, to present difficult valuation issues.

Each Private Portfolio Investment will generally be held in a separate sub-account on behalf of the private fund and capital allocated to each Private Portfolio Investment generally may not be withdrawn by an investor until the investment is liquidated or deemed liquidated by ValueAct Capital. Generally, only those Flagship Fund and Japan Fund investors who are admitted to a private fund on or prior to the date a Private Portfolio Investment is made participate in the profits and losses associated with the Private Portfolio Investment. Certain investors in the Flagship Fund have been given the ability, through side letters, to elect not to participate in any Private Portfolio Investments made after the date of their admission.

Finally, in its discretion, ValueAct Capital and/or the applicable general partner of a private fund may permit or require certain investors to be excluded from making or holding a specific investment. As such, only the non-excluded investors will participate in such investment.

Co-Investment Vehicles

Certain Co-Investment Vehicles may invest in co-investment opportunities as presented by ValueAct Capital. From time to time, ValueAct Capital offers other Co-Investment Vehicles which are single security investment vehicles and therefore can only invest in a holding of the Flagship Fund or Japan Fund as applicable. No other types of investments can be made by these vehicles at this time.

Sources of Information

Although ValueAct Capital utilizes information, reports, and data from various external sources, including consulting arrangements that assist with conducting investment due diligence, consulting arrangements with independent analysts, and meetings with the management of current and prospective portfolio companies, its investment decision-making with respect to the clients it manages is based primarily upon its internal research and analytical capabilities, including the research and analytical experience and expertise of its investment team.

Material Risks

All investing involves a risk of loss and the clients and their underlying investors could lose money over short or long periods. An investment in the clients may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and can bear the risk of an investment in the clients. No guarantee or representation is made that the clients will achieve their investment objective or that investors will receive a return of their capital.

The descriptions contained below are an overview of different risks related to the clients but are not intended to serve as an exhaustive list or comprehensive description of all risks and conflicts that may arise regarding the management and operations of the clients. Investors should review the risks listed in the clients' CMs (or governing document, as applicable) prior to investing. Prospective investors should consult their own legal, tax, and financial advisors as to all these risks, and as to an investment in a client generally.

Past Performance – There can be no assurance that the clients will achieve their investment objectives. The past investment performance of the clients cannot be construed as an indication of the future results of an investment in the clients. Even though the clients have commenced operations, past performance of the clients should not be construed as an indication of the future results of an investment in the clients. Furthermore, the past performance of the clients does not necessarily indicate that the client will be successful in the future. The client's results of operations will depend on the availability of suitable investment opportunities for the client and the performance of its investments.

Reliance on the Company – All of the client's investment opportunities will be selected by the Company, and the quality of its decisions will determine each client's success or failure. Investors in certain private funds will not have an opportunity to select or evaluate any investments, or to review the related securities positions at any time. Past performance is not indicative of future returns for any particular client.

Dependence on Key Individuals – The success of the clients depends upon the ability of ValueAct Capital's investment team to continue to develop and implement investment strategies that achieve the clients' investment objectives.

Flagship Fund

If ValueAct Capital were to lose the services of Mr. Morfit or were to lose a significant number of other key investment team members, the consequence to the clients could be material and adverse and could lead to the premature termination of the clients. Further information with respect to dependence on key individuals can be found in each client's governing document.

Japan Fund

If ValueAct Capital were to lose the services of Mr. Morfit or Mr. Hale, or if Mr. Hale should fail to devote at least a majority of his business time to the Japan strategy, including the Japan Fund and other ValueAct Capital clients, the consequence to the clients could be material and adverse and could lead to the premature termination of the clients. Further information with respect to dependence on key individuals can be found in each client's governing document.

Other Clients Managed by the Company and General Partners – The Company currently serves as the investment manager to multiple clients and will not devote its resources and time exclusively to a specific client's business. The Company expects to in the future manage additional investment vehicles, which will require attention. Similarly, the general partners expect to serve in the future as the general partner of any additional investment vehicles, which will require attention. In the instance of additional investment vehicles, neither the Company nor the general

partners will devote their resources and time exclusively to the current clients' business. The general partners, the Company and their respective affiliates will devote so much of their time to the affairs of the current clients as they deem necessary and appropriate to manage the business and activities of the current clients.

Expedited Transactions – Investment analyses and decisions by ValueAct Capital will often be undertaken on an expedited basis in order for the clients to take advantage of investment opportunities. In such cases, the information available to ValueAct Capital at the time of an investment decision will be limited, and ValueAct Capital may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, ValueAct Capital from time to time relies upon independent consultants in connection with its evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments.

Third-Party Involvement – The clients may co-invest with affiliated parties, such as the other clients, and/or unaffiliated third parties through partnerships, joint ventures, or other entities. Such investments often involve risks not present in investments where the other clients, or a third party is not involved, including the possibility that the other clients or a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the clients, or may be in a position to take action contrary to the investment objectives of the clients. In addition, the clients may in certain circumstances be liable for actions of its third-party co-venturer or partner.

Inside Information – ValueAct Capital expects to come into possession of material non-public information concerning specific borrowers, issuers and/or property. Under applicable securities laws, this may limit ValueAct Capital's flexibility to buy or sell securities issued by such borrowers and/or issuers and enter into, modify or close out derivatives contracts on such securities on behalf of its clients or otherwise use such information for the benefit of the clients (*e.g.*, in situations when the client is asked to grant consents, waivers or amendments with respect to loans, ValueAct Capital's ability to assess the desirability of such consents, waivers and amendments may be compromised). ValueAct Capital may decline to pursue certain investment opportunities or exit strategies on behalf of its clients in order to avoid being in possession of material non-public information in respect of an issuer where such possession would limit ValueAct Capital's ability to trade in the securities of such borrower or issuer. Alternatively, ValueAct Capital may decline to receive material non-public information in order to avoid trading restrictions, even though access to such information might have been advantageous and other market participants are in possession of such information. ValueAct Capital has implemented procedures that are designed to control the flow of, and prohibit the misuse of, material non-public information by ValueAct Capital and its employees. In addition, in circumstances when an investor receives, in connection with its investment in the clients, material non-public information concerning specific issuers, such investor's flexibility to buy or sell securities issued by such borrowers or issuers or otherwise use such information may similarly be limited or restricted under applicable securities laws. ValueAct Capital receives and generates various kinds of investment-related data and other information, including related to trends and budgets and financial, industry, market, business operations, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with actual or

prospective investments of ValueAct Capital's clients. ValueAct Capital expects to use this information in a manner that may provide a material benefit to ValueAct Capital, its affiliates, or to certain clients without compensating or otherwise benefitting the client from which such information was obtained.

Concentration of Investments – Each client's investment portfolio may be confined to the securities of relatively few issuers. This is particularly relevant for certain Co-Investment Vehicles, which ValueAct capital offers from time to time, and which are only invested in a single security that investors opted-in to. The applicable general partner may not permit the Flagship Fund or Japan Fund to invest (indirectly, through the master fund) up to a certain percentage of its net asset value (as specified in the *CM* and measured as of the date the investment is made) in any single issuer or security. As a result of these factors, each client's portfolio is heavily concentrated, which will increase the volatility and risk of an investment in a client by increasing the relative impact which each portfolio investment will have on the overall performance of the client. As a result of this concentration, a significant loss in any single issuer, or a material economic, regulatory, or other change affecting a particular industry, is expected to have a material adverse effect on the performance of a client.

Sector Concentration – ValueAct Capital from time to time expects to concentrate each client's portfolio of investments in a particular commercial sector. Concentration in a particular commercial sector means that the relevant client's performance may be materially impacted by the performance of that particular sector and may present more risks than if the relevant clients were more broadly diversified across industries and sectors.

Active Investing Strategies – “Active investing” strategies may prove ineffective for a variety of reasons, including, among other things: (i) opposition of the management or shareholders of the subject company, which may result in litigation; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) corporate governance mechanisms such as composition of the board appointed by the management; and (vi) inability of the clients to acquire sufficient securities of such portfolio companies at a sufficiently attractive price. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the clients and such regulatory agencies may independently investigate the participants in a transaction as to compliance with securities or other law. Further, successful execution of active investing strategies may depend on the active cooperation of shareholders and others with an interest in the subject company. Some of such actors may have interests which diverge significantly from those of the clients and some of those actors may be indifferent to the actions proposed by ValueAct Capital. Moreover, securities which ValueAct Capital believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at the price and/or within the time frame ValueAct Capital anticipates even if an active investing strategy is successfully implemented.

Risk of Realization of Investments and Limited Liquidity of Some Portfolio Securities – There is a significant risk that the clients will be unable to realize their investment objectives by the sale or other disposition of portfolio companies at attractive prices or that the clients will otherwise be

unable to complete any exit strategy from portfolio companies. Some portfolio securities may be thinly traded and relatively illiquid, even if such securities are publicly traded, and generally no more than a significant minority of the relevant client's portfolio may consist of securities not publicly traded at all. The clients often own a relatively large percentage of an issuer's equity securities and/or in certain situations ValueAct Capital's employees or representatives serve on the issuer's board of directors. In those cases, and where the clients and/or ValueAct Capital substantially participates in or influences the conduct of affairs or management of portfolio companies, the clients and/or ValueAct Capital may be deemed to be "affiliates" or "control" persons with respect to certain portfolio companies. The clients and/or ValueAct Capital is expected to then become subject to trading restrictions pursuant to the internal trading policies of such companies or as a result of applicable law or regulations. The clients also invest in securities and other financial instruments or obligations for which no market exists, and/or which are restricted as to their transferability under federal or state securities laws. In addition, in respect of portfolio companies in which ValueAct Capital holds a long position, even if the price for a portfolio company's securities increases, no guarantee can be made that there will be sufficient liquidity in the markets to allow ValueAct Capital to dispose of all or any of its securities therein or to realize any increase in the price of such securities. The converse applies equally in respect of portfolio companies in which ValueAct Capital holds a short position. Therefore, significant legal or practical limitations may inhibit the clients' ability to liquidate certain of its investments promptly, which could adversely affect its gain or loss on the investment. The sale of any such investments may be subject to delays and additional costs and may be possible only at substantial discounts.

General Economic and Market Risk – The value of a client's investments could be affected by factors affecting the economy and securities markets generally, such as real or perceived adverse economic conditions, supply and demand for particular instruments, changes in the general outlook for certain markets or corporate earnings, interest rates, announcements of political information, natural disasters, outbreaks of disease or adverse investor sentiment generally. The market values of the client's investments may decline for a number of reasons, including increases in defaults resulting from changes in overall economic conditions and widening of credit spreads. Unfavorable market conditions may also increase funding costs, limit access to the capital markets or result in credit terms changing or credit becoming unavailable. These events could have an adverse effect on the client's investments and the client's overall performance.

The clients are subject to the risk that natural disasters and geopolitical and other events (e.g., wars, terrorism and outbreaks of disease) will disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of a client's investments. Events such as war, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect individual issuers or related group of issuers, securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to the client's investments. At such times, the clients' exposure to the risks described elsewhere in this section will likely increase.

Market disruptions can prevent clients from implementing its investment program for a period of time and achieving its investment objective. For example, a disruption may cause client's derivatives counterparties to discontinue offering derivatives on some underlying commodities, securities, reference rates, or indices or to offer such products on a more limited basis, or the current economic crisis may strain the U.S. Treasury's ability to satisfy its obligations.

Market uncertainty may have a significant impact on the business of the clients. Among other things, the level of investment opportunities may decline from ValueAct Capital's current expectations. One possible consequence is that the clients may take a longer than anticipated period to invest capital and/or the clients may be relatively concentrated in a limited number of investments. Consequently, during this period, the returns (if any) realized by investors may be substantially adversely affected by the unfavorable performance of a small number of these investments. Although ValueAct Capital may believe that certain market dislocations may result in attractive investment opportunities, the client may not be able to time the acquisition or disposition of its investments correctly, which could result in further depreciation in values.

Changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the jurisdictions in which a client may invest, and any negative sentiments towards the U.S. as a result of such changes, could adversely affect the performance of a client's investments. In particular, the outcome of U.S. presidential and other elections creates uncertainty with respect to the legal and regulatory regimes in which the clients and their investments operate, which could have a material adverse impact on the clients and their investments. In addition, negative sentiments towards the U.S. among non-U.S. customers and among non-U.S. employees or prospective employees could adversely affect sales or hiring and retention, respectively, in investments.

Investment and Trading Risks – The clients will invest substantially all available capital in securities, especially in equity securities. Equity markets in general are subject to fluctuations, and fluctuations are often greater within certain sectors (oil and gas, healthcare, and technology, for example). Furthermore, fluctuations tend to be greater for securities that have limited liquidity, and a relatively low per-share price. No assurance can be given that the investment portfolio will generate any income or appreciate in value or avoid substantial losses. To a limited extent, the clients' investment programs utilize such investment techniques as margin transactions, short sales, leverage, and options on securities, which practices can, in certain circumstances, significantly increase the risks to which the clients may be subject. The clients are also subject to the risk of the failure of any exchanges on which its positions trade and of their clearinghouses.

Leveraged Investments – From time to time, the clients invest in companies that have a significant amount of indebtedness. In addition, certain investments incur significant indebtedness in connection with various corporate transactions, such as acquisitions, self-tender offers, recapitalizations, and others. A highly leveraged company is generally more sensitive to downturns in its business and to changes in prevailing economic conditions than is a company with a lower level of debt. In addition, companies with a significant level of debt may be limited in their ability to fund expenditures and to react to changes in their businesses and industries and may be restricted in their ability to borrow additional funds.

Risks Related to Pandemics and Other Diseases – Events such as health pandemics or outbreaks of disease may lead to increased short-term market volatility and may have adverse long-term effects on the U.S. and world economies and markets generally. For example, in 2019, COVID-19 spread to numerous countries, prompting precautionary government-imposed closures and restrictions of certain travel and businesses in many countries. Health pandemics or outbreaks could result in a general economic decline in a given region, or globally, particularly if the outbreak persists for an extended period of time or spreads globally. This could have an adverse impact on the clients, or the client’s ability to source new investments or to realize its investments. Pandemics and similar events could also have an acute effect on individual issuers or related groups of issuers and could adversely affect securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation, and other factors relating to the client’s or ValueAct Capital’s operations. Additionally, the risks related to health pandemics or outbreaks of disease are heightened due to uncertainty as to whether such an event would qualify as a force majeure event. If a force majeure event is determined to have occurred, a counterparty to a client may be relieved of its obligations under certain contracts to which it is a party, or, if it has not, the client may be required to meet their contractual obligations, despite potential constraints on their operations and/or financial stability. Either outcome could adversely impact the client’s performance.

Russian Invasion of Ukraine – On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine. In response, the United States, United Kingdom, and European Union imposed sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. Further sanctions may be forthcoming, and the U.S. and allied countries have recently announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia’s invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally, and therefore could adversely affect the performance of the Funds’ investments. Furthermore, given the ongoing and evolving nature of the conflict and its ongoing escalation (such as Russia’s recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict’s ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

Geographic Focus – The Japan Fund concentrates its investments in the securities of issuers that have a strong presence (whether through domicile, business operations, merger and acquisition activity, etc.) in Japan. Investing in securities of issuers in Japan involves special risks, including, but not necessarily limited to, those listed in the Japan Fund’s *CM*. For example, the Japan Fund’s investment focus on the region makes the Japan Fund particularly subject to political, social, or economic conditions experienced in Japan.

Investments in Asia – The clients may be subject to a number of risks related to the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain Asia-Pacific countries, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for

legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the clients and their operations. In addition, the income and gains of the clients may be subject to withholding taxes imposed by foreign governments for which shareholders may not receive a full foreign tax credit. Regulatory controls and corporate governance of companies in developing countries confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary or is largely unenforced. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in Western markets and there is generally a greater risk of fraud by officers or controlling shareholders of companies. In certain instances, management may take significant actions without the consent of shareholders and antidilution protection also may be limited.

There are differences between the accounting and auditing standards, reporting practices and disclosure requirements applicable in certain Asian countries and those generally accepted internationally. In many countries in which the clients are likely to invest, less audited information is available for local companies than would be customary or required for companies in more developed countries. Tax rules may change unpredictably or be subject to unforeseeable interpretation or application without prior notice, which could have an adverse effect on the clients and their investors.

There is also the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments, including war or terrorist attacks. All of these factors could adversely affect the economy of countries in which the clients will invest, make the prices of such countries' assets or securities generally more volatile than the prices of assets or securities in more developed countries and increase the risk of loss to the clients.

Foreign Securities – The clients trade foreign securities. Investments in securities of non-U.S. issuers (including foreign governments) and securities denominated or whose prices are quoted in non-U.S. currencies pose currency exchange risks (including blockage, devaluation, and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, government protectionism, illiquidity, price volatility, and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and there may be less government regulation and supervision of non-U.S. companies and investments. Non-U.S. companies may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. There may also be difficulty in enforcing legal rights outside of the United States. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S.

Investments in securities denominated or whose prices are quoted in non-U.S. currencies also pose particular risks. Such risks include blockage, devaluation, non-exchangeability, and fluctuations in the rate of exchange, and costs associated with currency conversion. Currency exchange rates may fluctuate significantly over short periods of time. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates, and other

complex factors. Currency exchange rates also can be affected unpredictably by intervention by the U.S. or non-U.S. governments or central banks, by the failure to so intervene, or by currency controls or political developments in the U.S. or elsewhere.

Additional risks include: (i) the imposition or modification of foreign exchange controls; (ii) the unpredictability of international trade patterns; (iii) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such non-U.S. investments; (iv) differences between U.S. and non-U.S. markets, including, without limitation, potential price volatility in, and relative illiquidity of, some non-U.S. markets; (v) different bankruptcy laws and customs; (vi) less developed corporate laws regarding, among other things, fiduciary duties and the protection of investors; (vii) price volatility; and (viii) economic, social and political risks, including, without limitation, government protectionism, restrictions on non-U.S. investment and repatriation of income and capital and the risks of economic, social, and political instability (including, without limitation, the risk of war, terrorism, social unrest, or conflicts). While ValueAct Capital will take these factors into consideration in making investment decisions for a client, no assurance can be given that ValueAct Capital will be able to successfully evaluate and minimize these risks.

Private Portfolio Investments – Valuation and/or liquidation of the clients’ investments in certain Private Portfolio Investments may not be possible at the time an investor seeks to withdraw any portion of its capital accounts invested in a Private Portfolio Investment. Withdrawals from the clients with respect to such Private Portfolio Investments generally cannot be made until the investments can be liquidated or until the applicable general partner determines that a Private Portfolio Investment is no longer a Private Portfolio Investment. Therefore, investors may not be able to readily liquidate their entire capital accounts with respect to the clients for a significant period of time.

Potential Exposure of Assets – From time to time, the clients leverage their investment positions by borrowing funds from securities broker-dealers, banks, or others up to a limit of 15% of the net asset value of the client. Whenever a client uses financing extended by broker-dealers to leverage its portfolio, it may be subject to changes in the value that broker-dealers ascribe to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position, and/or such broker-dealers’ willingness to continue to provide any such credit to the client. Assets of a client are, from time to time, be deposited as margin with brokers. Such assets need not be segregated and may become available to the creditors of such brokers in the event of the insolvency of such brokers. Securities pledged by a client as collateral with a prime broker may be available to the creditors of such prime broker in the event of such prime broker’s insolvency. In certain circumstances, a prime broker also may have the discretion to liquidate a client’s assets held by such prime broker on short notice, so that the client can meet its financing obligations. The forced liquidation of all or a portion of a client’s portfolio at distressed prices could result in significant losses to the client. In particular, it could be subject to a “margin call,” pursuant to which it would either be required to deposit additional funds or securities with the broker-dealer or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the client’s assets, the client might not be able to liquidate assets quickly enough to satisfy its margin requirements. Additionally, securities held in a margin account could be rehypothecated, resulting in those shares becoming unavailable for voting.

Cross-Tranche Liability Risk. Certain tranches of the Japan Fund are expected to seek to obtain exposure to a particular currency, market or asset class (an “Overlay”). Any Overlay applicable to a particular tranche will be described in the applicable governing document. In particular, one or more tranches in the Japan Fund will generally seek to hedge the exposure of such tranche to changes in the value of the Japanese Yen (a “FX Hedge Tranche”); such currency hedging activities will generally represent all or a portion of the Overlay for any FX Hedge Tranche. There can be no assurance that the Japan Fund will successfully hedge the exchange rate exposure of any FX Hedge Tranche or otherwise be successful in achieving the objective of any Overlay. In addition, one or more tranches in the Japan Fund will generally seek to hedge the exposure of such tranche to changes in the value of the Japanese markets (a “Index Hedge Tranche”); such market hedging activities (the “Index Hedge”) will generally represent all or a portion of the Overlay for any Index Hedge Tranche. There can be no assurance that the Japan Fund will successfully hedge the market exposure of any Index Hedge Tranche or otherwise be successful in achieving the objective of any Overlay.

In pursuing an Overlay with respect to one or more tranches, the Japan Fund may invest in futures, swap contracts, options on swap contracts and other instruments intended to create passive exposure to a particular currency, market, asset class, or certain segments or characteristics thereof. There is no limitation on the Overlay that any tranche may pursue, and the risk/return profile of any tranche pursuing an Overlay may vary significantly from that of a tranche pursuing a different Overlay or that does not pursue an Overlay.

The Japan Fund may issue one or more tranches of interests or sub-tranches thereof or reclassify existing tranches or sub-tranches. The Japan Fund shall not require the consent of, and shall not be required to give notice to, any Investor to establish tranches or sub-tranches from time to time. Further, the Japan Fund may issue one or more non-USD tranches that engage in certain currency-hedging activities.

The Japan Fund will issue a separate tranche of interests corresponding to each tranche and to each tranche of interests of any other investment vehicle that invests in the Japan Fund (“Investment Vehicle Tranches”), including the private funds. Except for the contractual limitations described below, all of the assets of the Japan Fund are available to meet all of the liabilities of every tranche of the Japan Fund, respectively, regardless of the separate tranches to which such assets or liabilities are attributable (if any). Due to the Overlay and other similar activities described above pursued by one or more tranches, the risks and liabilities of a tranche may be materially different from some or all of such Investment Vehicle Tranches. To limit the exposure of any tranche to potential liability arising out of such Overlay or other similar activities of such Investment Vehicles Tranches, the Japan Fund will seek to limit the Index Hedge or other similar activities so the exposure of such activities to the assets of the Japan Fund do not exceed the portion of the assets of the applicable Investment Vehicle Tranche relative to the Japan Fund’s total assets. The general partner may, in its sole discretion, reduce the Index Hedge net or absolute exposure of the Index Hedge or cause the involuntary withdrawal of all or any part of the Index Hedge to protect the interests of the Japan Fund. Notwithstanding the foregoing efforts to mitigate the risks associated with any hedging, Overlay or other similar activities of the Japan Fund, the liabilities of an Investment Vehicle Tranche may nonetheless exceed the assets available to meet such liabilities, in which case other Investment Vehicle Tranches may be subject to the risk of loss.

Derivatives – The clients, directly or indirectly, use various derivative instruments including, but not limited to, options contracts, futures contracts, forward contracts, options on futures contracts, indexed securities and swap agreements for hedging and risk management purposes. The clients also use derivative instruments to approximate or achieve the economic equivalent of an otherwise permitted investment (as if a client directly invested in the loans, claims or securities of the subject issuer) or if such instruments are related to an otherwise permitted investment. The clients’ use of derivative instruments involves investment risks and transaction costs to which the appropriate client would not be subject absent the use of these instruments and, accordingly, may result in losses greater than if they had not been used. The use of derivative instruments may have risks including, among others, leverage risk, volatility risk, duration mismatch risk, correlation risk and counterparty risk. In addition, depending on the type of derivative transaction, the clients’ selection of brokers may be limited due to counterparty limitations, conflicts of interest, and other similar factors.

Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the clients may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the clients may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the clients to the potential of greater losses. Derivative instruments that may be purchased or sold by the clients may include instruments not traded on an exchange and/or cleared at a clearing house. Derivative instruments not traded on exchanges and/or cleared at a clearing house are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange. Additionally, when a company defaults or files for protection from creditors (*e.g.*, U.S. chapter 11 proceedings), the use of derivative instruments presents special risks associated with the potential imbalance between the derivatives market and the underlying securities market. In such a situation, physical certificates representing such securities may be required to be delivered to settle trades and the potential shortage of such actual certificates relative to the number of derivative instruments may cause the price of the actual certificated debt securities to rise, which may adversely affect the holder of such derivative instruments. The risk of nonperformance by the counterparty on such an instrument may be greater and the ease with which the clients can dispose of or enter into closing transactions with respect to such an instrument may be less than in the case of an exchange traded or cleared instrument. The stability and liquidity of derivative investments depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the counterparty to such a transaction, the clients will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in a loss to the clients. Furthermore, there is a risk that any of such counterparties could become insolvent.

In the event of a counterparty’s (or its affiliate’s) insolvency, the possibility exists that the clients’ ability to exercise remedies, such as the termination of transactions, netting of obligations or realization on collateral, could be stayed or eliminated under special resolution regimes adopted in the United States, the United Kingdom, the European Union and various other jurisdictions.

Such regimes provide governmental authorities broad authority to intervene when a financial institution is experiencing financial difficulty. In particular, in the United Kingdom and the European Union, governmental authorities could reduce, eliminate, or convert to equity the liabilities of a counterparty experiencing financial difficulties (sometimes referred to as a “bail in”).

It should be noted that in purchasing derivative instruments, the clients typically will not have the right to vote on matters requiring a vote of holders of the underlying investment. Moreover, derivative instruments, and the terms relating to the purchase, sale or financing thereof, are also typically governed by complex legal agreements. As a result, there is a higher risk of dispute over interpretation or enforceability of the agreements. It should also be noted that the regulation of derivatives is evolving in the United States and in other jurisdictions and is expected to increase, which could impact the clients’ ability to transact in such instruments and the liquidity of such instruments.

Hedging Transactions – Although ValueAct Capital is not obligated to, and often will not, hedge its exposure, the clients utilize financial instruments from time to time both for investment purposes and to seek to hedge against fluctuations in the value of the clients’ portfolios as a result of changes in currency exchange rates, market interest rates, and equity prices. Such instruments may include forward contracts, stock index futures, options, swaps, caps, and floors. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the clients to hedge against an exchange rate, interest rate or equity price fluctuation that is so generally anticipated that the clients are not able to enter into a hedging transaction at a price sufficient to protect the clients from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The CFTC and domestic exchanges have established (and continue to evaluate and revise) speculative position limits (“position limits”) on the maximum speculative positions which any person, or group of persons acting in concert, may hold or control in particular futures and options on futures contracts. In addition, federal position limits apply to swaps that are economically equivalent to futures contracts that are subject to CFTC set limits. All positions owned or controlled by the same person or entity, even if in different accounts, must be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if the client does not intend to exceed applicable position limits, it is possible that different clients managed by ValueAct Capital and its affiliates may be aggregated for this purpose. Although it is possible that the trading decisions of ValueAct Capital may have to be modified and that positions held by the clients may have to be liquidated in order to avoid exceeding such limits, ValueAct Capital believes that this is unlikely. The modification of investment decisions or the elimination of open positions, if it occurs, may adversely affect the profitability of the clients. A violation of position limits could also lead to regulatory action materially adverse to the clients’ investment strategy.

Although ValueAct Capital will attempt to limit the clients' derivative transactions to those with well-known and well-capitalized firms where it is permitted to trade over-the-counter, ValueAct Capital is not restricted from dealing with any particular counterparty or from concentrating any or all of its derivative transactions with one counterparty. Moreover, ValueAct Capital's internal credit function which evaluates the creditworthiness of the Company's counterparties could prove insufficient. The success of the clients' hedging transactions will be subject to ValueAct Capital's ability to correctly predict movements in the direction of interest rates and equity prices. Therefore, while the clients may enter into such transactions to seek to reduce interest rate or equity value risks, unanticipated changes in interest rates could result in a poorer overall performance for the clients than if they had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, ValueAct Capital might not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent ValueAct Capital from achieving the intended hedge or expose ValueAct Capital to a risk of loss. The successful use of hedging and risk management transactions requires skills complementary to those needed in the selection of the clients' portfolio holdings.

No Operating History: Co-Investment Vehicles – Certain Co-Investment Vehicles were recently formed and have no operating history upon which prospective investors can evaluate their likely performance. The past performance of other clients managed by ValueAct Capital is not necessarily indicative of the future performance of the applicable Co-Investment Vehicles. The investment program of the applicable Co-Investment Vehicles should be evaluated on the basis that there can be no assurance that ValueAct Capital's assessment of the short, intermediate, or long-term prospects of investments will prove accurate or that the applicable Co-Investment Vehicles will achieve their investment objectives or be able to avoid losses.

Limited Operating History – There can be no assurance that the Japan Fund will achieve its investment objective. The past investment performance of ValueAct Capital cannot be construed as an indication of the future results of an investment in the Japan Fund. Even though the Japan Fund has commenced operations, past performance of the Japan Fund should not be construed as an indication of the future results of an investment in the Japan Fund.

Cybersecurity Risk – Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information (including confidential information of investors) and corruption of data. ValueAct Capital, its clients and their portfolio companies (as well as third-party service providers) may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the investors and clients' investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to occur, they could lead to losses of sensitive information or capabilities essential to ValueAct Capital, its clients and/or a portfolio company's operations and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of investors' personal information.

Litigation – ValueAct Capital, the general partners, and/or the clients have been involved in litigation (whether initiated by ValueAct Capital on behalf of the clients or defensive in posture). The transactional nature of the business of the clients exposes ValueAct Capital, the general partners, and/or the clients generally to the risk of third-party litigation and, historically, ValueAct Capital and certain of its affiliates have been subject to such litigation. Additionally, active investing strategies often result in an employee or representative of ValueAct Capital sitting on the board of a portfolio company on a client’s behalf, which could expose the client to litigation from shareholders. The adoption of new laws and regulations may further increase the risk of litigation. Furthermore, ValueAct Capital and the general partners have been, and may in the future be, subject from time to time, to formal or informal investigations or inquiries by the SEC and other governmental and self-regulatory organizations in connection with its activities.

There can be no assurance that any litigation or regulatory investigation, once begun, will be resolved in favor of the clients. As a result, the clients may be exposed to the risk of monetary damages and other sanctions or remedies. Litigation and regulatory investigations may require significant amounts of the Company’s time, and the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments, and related indemnification expenses, would generally be borne by the clients. Such expenses may be significant and will reduce returns and/or may result in losses, or could, under some circumstances, require investors to return to the clients distributed capital and earnings.

Where an employee or representative of ValueAct Capital sits on the board of a portfolio company on a client’s behalf, it will often preclude the applicable clients(s) from participating in securities class action lawsuits and other securities lawsuits against the portfolio company. Accordingly, the clients will be limited in the litigation they can pursue against a portfolio company during the time a ValueAct Capital employee or representative is on the board of such portfolio company. As a result of such board representation, the client’s returns may be lower than they would have been had the ValueAct Capital employee or representative not obtained board representation. Even without board representation, ValueAct Capital generally does not participate in litigation involving a portfolio company, even if the litigation has the potential to recover damages that would enhance the returns for the clients. ValueAct Capital generally refrains from participating in such litigation because it believes that doing so is not in the best interest of the clients it manages and is inconsistent with, and indeed may undermine, its investment strategy to work constructively with portfolio company management and/or the board (including in some instances participating as a board member) to implement strategies that maximize shareholder value. Moreover, participating in these lawsuits may be more expensive than any potential gain that may be derived therefrom.

Non-Pro Rata Capital Calls – The Japan Fund general partner may, in its sole discretion, draw down capital contributions from investors on a basis that is not *pro rata* based on the relative unfunded capital commitments of other investors, including investors that may participate in the same capital commitment based tranche and/or investors that have subscribed for interests in the Japan Fund on different dates (*i.e.*, investors subscribing for an interest on an earlier date will not necessarily have priority related to investors that have subscribed on a later date with respect to drawdowns). Specifically, the Japan Fund general partner expects (but is not required) to draw

down the full amount of the capital commitment for investors whose capital commitment is less than an applicable threshold as determined by the general partner from time to time (currently, \$5 million dollars or less). Accordingly, such investors will have greater exposure to profits and losses associated with the Japan Fund's investment activities than they would if their capital commitments were drawn down on a *pro rata* basis. Similarly, such investors will also bear a higher proportion of the Japan Fund's fees and expenses than if such investors capital commitments had been drawn down on a *pro rata* basis. Conversely, investors whose capital commitments are not drawn down in priority will have less exposure to such profits and losses and to fees and expenses. The Japan Fund general partner may determine to draw down capital commitments of investors who have subscribed for an interest following the date of initial launch of the Japan Fund. Accordingly, the results of investors participating in the Japan Fund will vary based on the timing on which their respective capital commitments are drawn down.

Benchmark Tranches – In the tranches that use a benchmark, it is possible for positive relative performance (and a corresponding performance allocation) to result from negative performance by an investor's sub-capital account if such account outperforms the benchmark. In such cases, this performance allocation could be taxed as ordinary income for the applicable general partner. The tax treatment of such a performance allocation to the applicable general partner could affect investment decisions, including causing the clients to make investments that are riskier or more speculative than would be the case if this special allocation were not made. In addition, the differing performance allocation tax implications across the client tranches could cause the general partner or ValueAct Capital to favor certain tranches in order to maximize its revenues. Investors should consult their own tax advisors regarding the possible implications of their investments in any benchmark tranche.

Cash Management – The Company may, in its discretion, at any time elect to hold a significant or insignificant percentage of the capital of the clients in cash or cash equivalents for a variety of reasons. The percentage of capital held in cash or cash equivalents, including considering leverage, could have a material adverse impact on the performance of the clients, depending on a variety of factors including fund performance.

Terms – The percentage of profits ValueAct Capital is entitled to receive and the terms applicable to such performance allocations varies among clients of ValueAct Capital. Because the opportunity to receive performance allocations is based on the success of portfolio investments, to the extent performance allocation percentages or terms applicable to performance allocations differ among clients of ValueAct Capital, the Company may be incentivized to dedicate increased resources and allocate more profitable investment opportunities to clients of ValueAct Capital bearing higher performance allocation percentages or to clients of ValueAct Capital whose governing documents contain less restrictive terms regarding performance allocations (such as higher "catch-up" rates).

Expense Allocation – ValueAct Capital seeks to allocate expenses fairly, equitably, and consistent with the documents governing the Company's relationship with each client. When allocating expenses, ValueAct Capital must interpret each client's governing documentation and make determinations whether expenses are allocated and paid, in full or in part, by a client, clients, and/or the Company, which creates a conflict of interest. Such determinations are inherently subjective

and there can be no assurance that a different manner of calculation would not result in a particular client bearing less (or more) expenses.

Item 9 Disciplinary Information

Department of Justice Settlement

In April 2016, the U.S. Department of Justice (“DOJ”) alleged that ValueAct Capital Master Fund, L.P., ValueAct Co-Invest International, L.P. and their general partner, VA Partners I, LLC (collectively, “ValueAct Capital”), violated the notice and waiting period requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the “HSR Act”) with respect to ValueAct Capital’s investments in two publicly-traded companies, and that ValueAct Capital was not eligible to use the relied-upon exemption to the notification requirements for those acquisitions made “solely for the purpose of investment” under 15 U.S.C. § 18A(C)(9). ValueAct Capital denied any wrongdoing, and consented to a final judgment, entered by the court on November 1, 2016, without admission of fact or law. As part of the settlement, the general partner, on behalf of the funds, paid an \$11 million penalty and the final judgment specified inter alia when the funds must file a notification under the HSR Act during the ten years starting on November 1, 2016. In ValueAct Capital’s judgment, the final judgment does not place ValueAct Capital under any material limitations in its present or future investment activities.

Item 10 Other Financial Industry Activities and Affiliations

VA Partners I, LLC, an affiliate of ValueAct Capital, serves as the general partner of the Flagship Fund and certain Co-Investment Vehicles, except ValueAct Capital Partners III, L.P. and ValueAct Strategic Master Fund II, L.P. VA Partners III, LLC, an affiliate of ValueAct Capital, serves as the general partner of ValueAct Capital Partners III, L.P. VA Partners Strategic II, LLC, an affiliate of ValueAct Capital, serves as the general partner of ValueAct Strategic Master Fund II, L.P. VA Partners Japan, LLC, an affiliate of ValueAct Capital, is the general partner of the Japan Fund except ValueAct Japan VA Partners, L.P. VA Partners III, LLC, an affiliate of ValueAct Capital, serves as the general partner of ValueAct Japan VA Partners, L.P.

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

ValueAct Capital has adopted a code of ethics (see “Code of Ethics” section below) and implemented procedures relating to personal securities transactions and insider trading that are designed to detect and prevent (or otherwise mitigate) conflicts of interest. ValueAct Capital access persons are not permitted to transact in the securities of individual public companies in their personal brokerage accounts (except pre-cleared sales, as noted below), nor are they permitted to invest in third-party private investment funds that primarily invest in equity securities of individual public companies (unless pre-cleared by the Chief Compliance Officer or her designee). The Chief Compliance Officer (“CCO”) or her designee, among other things, monitors employee brokerage accounts in an attempt to prevent employees and the clients from engaging in improper personal securities transactions and to otherwise detect and prevent potential conflicts of interest.

ValueAct Capital and/or its employees are expected to give advice and take action for their own accounts that may differ from advice given and action taken on behalf of the clients. ValueAct Capital's employees may hold Flagship investment positions or interests in the same securities recommended to or owned by the clients. As such, ValueAct Capital may trade for the clients, securities of an issuer in which ValueAct Capital's employees also have an investment position or interest.

Allowing employees to hold or sell the same securities as the clients in the limited circumstances described further below could present certain potential conflicts of interest. For example, an employee could have an existing investment that opposes the position of the clients (*i.e.*, he or she has an existing long position when a client has or takes a short position, or vice versa) and thus the employee could potentially experience a conflict between acting in his or her own best interest versus the clients' best interests. An employee may also have an incentive to cause the clients to invest in companies in which he or she already has an interest, especially if the employee believes that such an investment by the clients may increase the value of his or her personal stake.

From time to time, ValueAct Capital personnel also serve as directors of public or private companies in their personal capacity. Accordingly, such personnel have a conflict of interest between the fiduciary duties (if any) that they owe to such portfolio company(ies) and its (their) shareholders, on the one hand, and those they owe to the limited partners, on the other hand.

Code of Ethics ("Code")

ValueAct Capital and its affiliates have adopted the Code in accordance with Rule 204A-1 under the Advisers Act to govern, among other things, personal securities transactions by employees and to ensure that the interests of employees do not conflict with the interests of clients, including the private funds, and their underlying investors. A basic tenet of ValueAct Capital's Code is that the interest of clients is always placed first. The Code includes standards of conduct requiring ValueAct Capital's employees to comply with federal securities laws and the fiduciary duties an investment adviser owes to its clients.

Under the Code, and except as noted below, no employee designated as an "access person" may engage in a transaction in any security of a public company. Current access persons with existing positions in securities of public companies or any new access persons who hold positions in securities of public companies as of the date of their employment may sell such positions with pre-clearance or under the direction of the CCO or her designee.

The Code also requires access persons to pre-clear any transactions in securities acquired in any initial public offering or limited offering (*e.g.*, investments in private investment funds). All access persons must provide to ValueAct Capital quarterly reports of their personal transactions within 30 days of the end of each calendar quarter, which may consist of brokerage statements for all accounts in which they have a beneficial interest, except for accounts that only hold securities exempt from the reporting requirements.

The Code also requires all employees of ValueAct Capital to comply with ethical restraints relating to investors and their accounts, including restrictions on giving gifts to, and receiving gifts from,

investors and certain other third parties as well as provisions intended to prevent violations of laws prohibiting “insider trading,” as discussed below.

Statement on Insider Trading

ValueAct Capital and/or its employees may come into possession of material non-public or other confidential information which, if disclosed, might affect an investor’s decision to buy, sell, or hold a security. Under applicable law, ValueAct Capital and its employees are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other third party. Accordingly, should ValueAct Capital and/or its employees come into possession of material non-public or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, ValueAct Capital’s clients and their underlying investors. ValueAct Capital has adopted a Statement on Insider Trading (“insider trading policy”) in accordance with Section 204A under the Advisers Act, which establishes procedures to prevent the misuse of material non-public information by ValueAct Capital and its employees.

A copy of the Code and insider trading policy is available to any investor or prospective investor upon request by contacting ValueAct Capital at 415-362-3700.

Participation by ValueAct Capital Personnel in Private Fund Profits

Certain employees of ValueAct Capital are permitted to invest directly in the private funds and will participate in the private funds’ investments, pro rata, in accordance with their capital account balances. In addition, certain of ValueAct Capital’s employees hold interests indirectly in the general partners and/or management companies of the clients and in this manner, share in revenue generated by clients (*e.g.*, performance allocation and/or management fee revenue). Finally, investments by ValueAct Capital current and former consultants and current and former employees and their family members are generally not subject to the management fees or performance fees incurred by investors in the clients in the discretion of the relevant general partner.

Item 12 Brokerage Practices

Outsourced Trading

ValueAct Capital uses one or more unaffiliated broker-dealers to trade securities on behalf of its clients. ValueAct Capital has negotiated execution costs for outsourced trading in addition to standard trading costs. ValueAct Capital’s clients incur the costs associated with one or more outsourced trading solutions, which ValueAct Capital believes are reasonable considering the value of the trading services.

Prime Broker

ValueAct Capital has selected one or more firms to serve as prime broker (“prime broker”) to hold the funds and securities of, and execute transactions for, the clients, consistent with its duty to seek to achieve best execution. In addition to custody and execution, a prime broker may provide other core functions (including, but not limited to, reporting, clearing, financing, securities lending, and client service) as well as value-added items (including, but not limited to, advanced research and analytics and technology services) to the clients. ValueAct Capital may also select prime brokers that provide specific services to the clients (including, but not limited to, electronic access to

account information and trade confirmations and access to specialized customer service personnel) that it believes will allow the clients to operate effectively and efficiently.

ValueAct Capital is not required to maintain its relationship with any prime broker and may change or add additional prime brokerage relationships at any time.

Selection of Brokers

ValueAct Capital's investment strategy generally involves the acquisition of large ownership stakes in a limited number of companies where ValueAct Capital is often seeking a multi-year investment opportunity. Therefore, for ValueAct Capital, best execution tends to be different from many other strategies that are much more trading intensive due to their larger number of positions and shorter holding periods. ValueAct Capital's research generally results in a price range at which ValueAct Capital is willing to acquire and eventually sell a position. The outsourced trader is given price parameters to buy or sell the position over a period of time, being cognizant of daily price fluctuations that may have nothing to do with the fundamental investment thesis. Therefore, the outsourced trader's focus is on receiving an optimal blend of size, price, timing, financing costs, and confidentiality, among other considerations, rather than focusing solely on price.

Within this context, it is the policy of ValueAct Capital to seek best execution for its client accounts. In fulfilling its duty to seek best execution, ValueAct Capital seeks to obtain the most favorable terms for each transaction reasonably available under the circumstances. In placing brokerage, ValueAct Capital considers the full range and quality of a broker-dealer's services including, among other things, the value of research provided, execution capability, the overall quality of execution, confidentiality, the commission rate charged, ability to trade under ISDA agreements, and responsiveness of the broker-dealer.

As mentioned above, because ValueAct Capital's investment strategy generally involves seeking to obtain significant ownership stakes in public and private companies, particular focus may be given to placing transactions with broker-dealers who are able to effectuate trades in a manner that maximizes desired execution while minimizing market impact. In addition, ValueAct Capital may select broker-dealers based on the research, information, and other services provided by such broker-dealers that may benefit client accounts.

It is not always possible to place a dollar value on the execution or research services ValueAct Capital receives from broker-dealers effecting transactions on behalf of clients. Accordingly, broker-dealers selected by ValueAct Capital may be paid commissions for effecting transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if ValueAct Capital determines in good faith that such amounts are reasonable in relation to the value of the brokerage, execution, ISDA, and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or ValueAct Capital's overall duty to client accounts.

ValueAct Capital has negotiated a uniform commission rate schedule across a substantial portion of the broker-dealers it uses. When deemed appropriate, due to overall best execution considerations, ValueAct Capital may execute trades through ECNs at a rate higher or lower than the negotiated commission rate. The determination and evaluation of the reasonableness of the

brokerage commissions paid in connection with portfolio transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are based on, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type.

From time to time, ValueAct Capital may establish target levels of commissions for a particular broker-dealer. The target levels of commissions generally will be determined on a case-by-case basis taking into consideration ValueAct Capital's evaluation of the execution and research services provided by the relevant broker-dealer and the other factors listed above. However, if a broker-dealer indicates that a certain level of commissions is desired in return for certain research, execution, ISDA, and/or prime brokerage services provided by the broker, ValueAct Capital may take this factor into consideration.

It is possible that certain employees may have relatives that work for broker-dealers that have a trading or investment banking relationship with ValueAct Capital. While this could represent a potential conflict of interest involving ValueAct Capital's selection of broker-dealers, ValueAct Capital may not, and does not, consider familial relationships in determining where to execute transactions on behalf of clients. To mitigate this, and any other potential conflicts of interest detected or reported, ValueAct Capital utilizes a Trading and Best Execution Committee to oversee ValueAct Capital's trading practices, including best execution, investment allocation, and soft dollar arrangements as applicable. In addition, ValueAct Capital's outsourced trader must consider the execution quality of each trade and report to ValueAct Capital any unexpected deviations in price, commission rate, market impact, execution speed, or other aspects of execution quality.

Soft Dollars

Although ValueAct Capital does not intend to use soft dollar brokers for its clients' portfolio transactions or maintain soft dollar accounts or balances for its clients, ValueAct Capital maintains certain policies and procedures related to soft dollars should ValueAct Capital decide to use soft dollar brokers in the future. To the extent that it uses soft dollars in the future, this section describes the Company's approach.

In allocating brokerage, ValueAct Capital may take into consideration the receipt of brokerage and research products and services as long as such consideration does not jeopardize the objective of seeking best execution regarding the transaction. When appropriate under its discretionary authority and consistent with the duty to seek best execution, ValueAct Capital may direct brokerage transactions for client accounts to broker-dealers who provide ValueAct Capital with such products and services. The brokerage commissions that could be used to acquire such products and services in these arrangements are known as "soft dollars."

Broker-dealers typically provide a bundle of services, including both research and brokerage (*e.g.*, research ideas, investment strategies, block positioning capabilities, clearance, settlement, and custodial services). The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products and access to analysts and traders) or third-party (created by a third party but provided by broker-dealer). Broker-dealers do not generally

charge separate fees for proprietary research and brokerage services. ValueAct Capital may direct brokerage transactions to acquire either type of research and execution services.

SEC regulations provide a “safe harbor” which allows an investment adviser to pay for research and brokerage products and services with commission dollars generated by client account transactions. In determining whether a service or product qualifies as research or brokerage, ValueAct Capital will evaluate, among other things, whether the service or product provides lawful and appropriate assistance to ValueAct Capital in carrying out its investment decision-making responsibilities. ValueAct Capital will generally limit its use of soft dollars to pay for research and execution services that fall within the safe harbor to the extent it determines to use soft dollars in the future.

ValueAct Capital may use soft dollars to pay for a portion of certain “mixed-use” items (products or services that include both safe harbor eligible research or brokerage elements and non-safe harbor eligible research or brokerage elements) to the extent it determines to use soft dollars in the future. When ValueAct Capital acquires a product or service, it may use available soft dollar credits to pay for the portion of the product or service deemed to fall within the safe harbor and use hard dollars to pay for the portion of the product or service that falls outside of the safe harbor. Although the allocation between soft dollars and cash cannot always be precisely calculated, ValueAct Capital would make a good faith effort to reasonably allocate the cost of mixed-use items among soft and hard dollars. The determination as to the percentage of the cost of products and services that ValueAct Capital may pay with soft dollars versus hard dollars typically does not involve a conflict of interest that would traditionally exist because the clients otherwise would incur hard dollar costs and expenses associated with brokerage and research-related products and services (see “Fees and Compensation” section above). As such, ValueAct Capital would not have an incentive to inflate the percentage of the cost of a product or service that it believes falls under the category of “safe harbor eligible.”

The generation and use of soft dollars to acquire brokerage and research-related products and services could benefit ValueAct Capital by allowing ValueAct Capital, at no cost to it, to supplement its own research and analysis activities, to receive the views and information of individuals and research staff of other securities firms, and to gain access to persons having special expertise on certain companies, industries, areas of the economy, and market factors. Research and brokerage products and services acquired with soft dollars may include research on market trends and special reports on the economy, industries, sectors, and individual companies or issuers (including current and historical financial data on such companies, issuers, or industries); research as to the credit-worthiness of issuers; technical and statistical studies and information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; online quotation and trading systems; investment risk measurement resources; analyses of corporate responsibility issues; online news services; and financial and market database services.

ValueAct Capital may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its clients’ interest in receiving most favorable execution. However, as mentioned above, the acquisition of products and services using soft dollars versus hard dollars does not involve a conflict of interest that would

traditionally exist because the clients otherwise would incur hard dollar costs and expenses associated with brokerage- and research-related products and services.

To the extent ValueAct Capital determines to use soft dollars in the future, to control the use of soft dollars and detect and prevent potential compliance-related concerns, ValueAct Capital's internal procedures would require the CCO, in consultation with the Trading and Best Execution Committee as necessary, to approve in advance all soft dollar arrangements and review such arrangements as needed. They would consider:

- whether the product or service is eligible under the Section 28(e) safe harbor based on the nature of the product or service, the employees who use it, and how employees use it;
- whether the product or service should be paid for in whole or in part with hard dollars; and
- whether the use of soft dollars to obtain the product or service requires additional disclosures to clients or investors.

In connection with the approval by the Trading and Best Execution Committee, ValueAct Capital may execute trades that include a soft dollar component. Although the value of products and services may be a factor in ValueAct Capital's determination to execute trades with a broker-dealer, ValueAct Capital must determine that the commission paid to the broker is reasonable in relation to the value of the brokerage and research services received, viewed either in terms of a particular transaction or ValueAct Capital's overall duty to its client accounts. The research services provided by a broker may be used to service all client accounts and not exclusively regarding the client account that generated a specific soft dollar credit.

Brokerage for Referrals

ValueAct Capital generally does not consider investor referrals from broker-dealers or other third parties in selecting or recommending a prime broker or broker-dealers to execute client transactions. However, ValueAct Capital participates in capital introduction programs arranged by brokers or accepts investors that were recommended by a broker.

To mitigate potential conflicts of interest detected or reported with respect to referral arrangements, ValueAct Capital uses a Trading and Best Execution Committee to oversee ValueAct Capital's trading practices. The committee shall meet approximately semi-annually, and as necessary, and will review, among other things, potential conflicts of interest (including client or investor referrals) that influence, or may appear to influence, ValueAct Capital's direction of brokerage.

Please see the "Client Referrals and Other Compensation" section, below, for additional information.

Directed Brokerage

ValueAct Capital does not permit a client or investor to direct brokerage for private funds. Rather, ValueAct Capital has complete discretionary authority to select the broker-dealers used to execute client transactions for private funds.

Trade Aggregation and Allocation

ValueAct Capital's private funds generally conduct their trading activities through master-feeder structures, and thus feeder funds and the underlying investors participate in investment activities pro rata based on their respective capital account balances in the applicable master fund. Trading activities of the clients will overlap at times. When the clients will invest in the same issuer(s), the purchase and sale of such investment(s) may be at different times and upon different terms, based on each client's overall investment objectives and strategy, fund terms, legal or regulatory concerns, capital requirements, and/or other relevant considerations. Where the applicable general partner determines that a conflict of interest exists between any of the ValueAct Capital private funds or accounts, the applicable general partner may bring such conflict to the attention of the advisory board of each affected private fund (conflicts affecting the Co-Investment Vehicles are addressed by the Flagship Fund advisory board as relevant).

If additional capacity in any investment opportunity exists, ValueAct Capital may offer such additional capacity in such investment opportunity (or portion thereof) to any third party, in its sole and absolute discretion.

When allocating an investment opportunity between clients, ValueAct Capital will allocate investment opportunities appropriate for the applicable clients in any manner that ValueAct Capital determines in its sole discretion to be equitable, which could be determined based on the Portfolio Managers' views of the investment profile and whether the investment meets the investment objective of the respective client, the size of the investment, investment thesis, portfolio construction, portfolio cash needs, and other factors. For the avoidance of doubt, ValueAct Capital may initiate a non-pro rata allocation of purchases and sales with respect to any investment opportunity.

When ValueAct Capital purchases or sells the same securities at the same time for the clients, ValueAct Capital will submit an aggregated trade for execution if ValueAct Capital believes that the use of an aggregated trade reasonably furthers its efforts to seek best execution. Participants in aggregated trades receive the average execution price and incur their pro rata share of the trading costs.

To the extent that partial fills occur, ValueAct Capital will allocate the results of the partially completed trade pro rata between the clients as applicable, for transactions based on the initial allocation instructions submitted for execution. Impacted accounts receive the average execution price and incur their pro rata share of the trading costs with respect to the partially completed trade.

With respect to buy transactions involving the Flagship Fund or Japan Fund and certain Co-Investment Vehicles, as applicable, acquisitions by these clients will overlap and the Flagship Fund or Japan Fund will not necessarily be filled first. To mitigate this, and any other potential conflicts of interest detected that may arise, ValueAct Capital utilizes an Allocation Committee to oversee ValueAct Capital's trade allocations.

Other exceptions to strict pro rata allocation of partially filled orders may include, without limitation, the avoidance of clients holding odd lots or similar *de minimis* numbers of shares, or

the payment of additional ticket costs charged by broker-dealer custodians. In such cases, ValueAct Capital may increase or decrease the amount of securities that would otherwise be allocated to each account by reallocating the securities in a manner which ValueAct Capital deems fair and equitable to clients over time.

Sales of securities held by more than one of the clients may or may not be made on a pro rata basis across the relevant clients. For certain clients sales must be pro rata in the case of certain circumstances, such as a change in investment conviction or to meet redemptions related to a key person event.

“New Issues”

ValueAct Capital allocates new issues of equity securities registered under the Securities Act (“new issues”) in accordance with FINRA Rules 5130 and 5131. This may, in certain circumstances, limit or restrict certain clients or investors from participating in any profits and losses from new issues.

Cross Trades

When consistent with its duty to seek to obtain best execution, from time-to-time ValueAct Capital uses cross trades when the clients wish to trade in opposite directions in the same securities. A cross trade occurs when ValueAct Capital purchases and sells a security between accounts under its management by instructing the broker-dealer to cross the trade. ValueAct Capital may utilize cross trades between the clients as applicable when it specifically deems the practice to be advantageous for its respective clients. In no instance will ValueAct Capital receive additional compensation when crossing trades for client accounts. ValueAct Capital will seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transaction is done for the sole benefit of its clients.

ValueAct Capital believes that its clients benefit from these types of transactions by obtaining a more favorable transaction price or liquidity for the securities being purchased or sold than may otherwise be available. ValueAct Capital will only engage in such transactions after determining that such securities are suitable and appropriate for each participating client. Broker-dealers who facilitate the execution of these cross transactions typically charge a reduced commission (*i.e.*, agency commission or a mark-up or mark-down on the price of the security) for their efforts. Purchase and sale orders in the same security will be simultaneously entered through and affected by a non-affiliated broker-dealer at the then-current market price as determined by the broker-dealer. ValueAct Capital will review such trades to confirm that the compensation paid to the broker-dealer to execute these types of transactions appears to be reasonable and commensurate with the level of services being provided.

In acting as investment adviser and fiduciary to both buyer and seller, ValueAct Capital, its affiliates, its partners, and its employees (“internal owners”) may be exposed to a conflict of interest to the extent that they own interests in the clients involved in the cross trade. To the extent that internal owners only have interests in certain clients involved in a cross trade, or if internal owners have a significantly different or greater interest in certain clients involved in a cross trade, ValueAct Capital may be predisposed to favoring one side of the trade to maximize the benefit to internal owners. In addition, ValueAct Capital may have an incentive to favor one side of a cross

trade to maximize its revenues, depending on the fee structure of the clients involved in a cross trade. To mitigate this, and any other potential conflicts of interest detected or reported, ValueAct Capital uses a Trading and Best Execution Committee to oversee these trading practices. In addition, ValueAct Capital's outsourced traders must consider the execution quality of each trade and report to ValueAct Capital any unexpected deviations in price, commission rate, market impact, execution speed, or other aspects of execution quality.

Trade Error Policy

As a general practice, ValueAct Capital attempts to cause any broker or other service provider responsible for a trade error to reimburse affected clients for any losses resulting from the trade error. If ValueAct Capital causes a trade error, it generally does not reimburse its clients for any losses resulting from the error, unless the loss was the result of bad faith, gross negligence, or willful misconduct on the part of ValueAct Capital. In addition, ValueAct Capital will not compensate clients for lost opportunities associated with trade errors. Finally, if a trade error results in a gain, the gain generally will accrue to the benefit of the affected client accounts.

The limitation on ValueAct Capital's liability to clients for losses is described in the offering documents for the clients. The self-assessment by ValueAct Capital as to whether a trade error loss resulted from bad faith, gross negligence, or willful misconduct may expose ValueAct Capital to a potential conflict of interest. ValueAct Capital may have an incentive to determine that it does not have to reimburse its clients for trade error losses.

To mitigate this conflict, ValueAct Capital's trade error procedures require employees to notify the Legal and Compliance Department upon the discovery of a possible trade error. If the trade error is material in nature or cannot be easily resolved by the Legal and Compliance Department and the outsourced trader, one or more members of ValueAct Capital's Compliance Committee shall be notified. The relevant members of the Compliance Committee shall investigate and arrange for appropriate action to take place with respect to the error. If deemed necessary, the members of the Compliance Committee shall consult with outside counsel regarding the resolution of the situation.

Item 13 Review of Accounts

Each client account is reviewed by certain partners and employees of ValueAct Capital generally on a weekly basis or more frequently if market circumstances warrant. Periodic account reviews consist of an analysis of the account's performance to date considering its investment objectives and an evaluation of any appropriate changes which should be made to its portfolio in light of its current positions, the exposure of the portfolio to various forms of risk, and ValueAct Capital's ongoing assessment of the overall market, current portfolio companies, and alternative investment opportunities.

Investors receive written reports as described in the applicable *CM* or governing document. ValueAct Capital generally supplies monthly capital account balance statements and unaudited financial statements, and periodic reports to investors that may include investment and market summaries as well as the performance of the applicable client versus that of a benchmark selected based on applicable governing documents or for comparison to broad market performance. Each

investor in an onshore private fund also receives a Schedule K-1 for tax purposes; each investor in an offshore private fund also receives annual tax information for the preparation of their tax returns. To comply with Rule 206(4)-2 (the “Custody Rule”) of the Advisers Act, annual audit reports are generally provided within 120 days following a client’s fiscal year end, or earlier as required by the Custody Rule.

Certain investors may receive additional information and reporting from ValueAct Capital and/or the general partners of the clients, upon verbal request, through written side letter agreements, or consulting agreements, and such information may affect an investor’s decision to request a withdrawal of its interests or make additional subscriptions. ValueAct Capital’s CCO, CFO, and/or Head of Investor Relations and Marketing, as relevant, internally reviews the information provided to investors in order to detect and prevent potential concerns with respect to information flow, such as a combination of enhanced transparency and liquidity that could benefit particular investors to the detriment of other investors.

Item 14 Client Referrals and Other Compensation

If ValueAct Capital compensates a third party to obtain investors for its private funds, the referral agreement, disclosures, and all related activities must comply with Rule 206(4)-1 under the Advisers Act. Management fees charged by ValueAct Capital to clients or private fund investors introduced by such third party will not be any higher than those charged to similar clients or investors not introduced by a third party.

Capital Introduction Program

ValueAct Capital participates in capital introduction services provided by certain brokers. ValueAct Capital does not have any formal agreement to directly pay such brokers for referring investors to its clients. However, when such brokers refer investors to ValueAct Capital, ValueAct Capital may face a conflict of interest between directing trades to such brokers’ associated trading desk and directing trades among various other broker-dealer options.

Client Service/Marketing Agreements

ValueAct Capital has an agreement with an affiliate to provide overseas marketing support to the Flagship Fund, Japan Fund, and certain Co-Investment Vehicles. The general partner of the relevant private funds will compensate this affiliate with the greater of (i) a success fee that includes a certain percentage of gross revenues exclusive of performance fees or (ii) a minimum annual engagement fee. The applicable general partner will also reimburse this affiliate for certain expenses. The applicable general partner retains discretion to compensate this affiliate based upon any other compensation structure. Although the private funds do not currently use other third-party solicitors or placement agents, they may consider using third-party solicitors in the future. Such third-party solicitors may receive fees from the applicable general partner that may be based on the subscription amounts of investors, ongoing fees based upon the performance of investors’ interests in the private fund or based on other compensation structures as determined by the applicable general partner in its discretion. Such third-party solicitors may do business with and earn fees or commissions from affiliates of the applicable general partner or the private fund, or other investment vehicles with similar or different investment objectives as the private fund.

Accordingly, such other activities may influence such third-party solicitor's participation in solicitation activities for the private fund.

Item 15 Custody

As investment manager and/or general partner of the clients, ValueAct Capital and/or its affiliates have the authority to directly access the funds or securities of such clients. ValueAct Capital and/or its affiliates have the authority to automatically deduct fees and expenses payable to ValueAct Capital, the general partners of the clients, and/or third-party service providers with respect to each client by sending instructions directly to the custodian (or the prime broker, as relevant). In each such case, ValueAct Capital will be deemed to have custody of the client's assets under the Custody Rule. ValueAct Capital will comply with the requirements of the Custody Rule regarding such custody. Investors in onshore and offshore private funds will receive audited financial statements annually, prepared in accordance with generally accepted accounting principles, within 120 days after the end of the fiscal year of each such private fund. Additional disclosure regarding custody of client assets can be found in the Company's Form ADV Part 1 filing with the SEC.

Item 16 Investment Discretion

ValueAct Capital is retained with respect to its clients on a discretionary basis and is authorized to make the following determinations in accordance with a client's specified investment objectives without investor consultation or consent before a transaction is effected (unless consultation is required with respect to principal trades, which ValueAct Capital does not intend to employ as part of its standard investment strategy):

- the security selection;
- the total quantity or amount of securities;
- the type and timing of the transaction;
- the broker-dealer through which securities are transacted (except in limited circumstances for any separately managed accounts);
- the commission rates and/or financing terms at which securities transactions are effected (except in limited circumstances for any separately managed accounts); and
- the transaction price of securities, which may include dealer spreads, mark-ups or mark-downs, and transaction costs.

Investors generally cannot place restrictions on ValueAct Capital's investment discretion with respect to the private funds. However, ValueAct Capital may enter into side letter agreements with certain large or strategic investors granting, among other things, requested restrictions with respect to permitted investment sectors and allocations of Private Portfolio Investments.

The Co-Investment Vehicles only offer investors an opt-in right for investments.

Item 17 Voting Client Securities

ValueAct Capital has written proxy voting policies and procedures as required by Rule 206(4)-6 under the Advisers Act. ValueAct Capital's policy is to vote proxies with the aim of furthering the

best interests of its clients, generally by promoting high levels of corporate governance and adequate disclosure of company policies and practices. ValueAct Capital will generally vote proxies as directed by the applicable portfolio manager(s), or their designee, with assistance from the investment team, as necessary. Investors cannot direct ValueAct Capital as to how to vote in a specific ballot. ValueAct Capital reserves the right, on occasion, to abstain from voting a proxy or a specific proxy item when it concludes that the cost of voting outweighs the potential benefit or when ValueAct Capital otherwise does not believe voting serves its clients' best interests. The mechanics of proxy voting are handled by a third-party service provider.

Due to the nature of ValueAct Capital's business and structure, ValueAct Capital does not believe it is likely that material conflicts of interest will arise in voting proxies of portfolio companies. However, material conflicts of interest could arise in certain circumstances, such as, for example, where a client or investor is associated with the company soliciting the proxy or actively supporting or opposing a proxy proposal, or where a partner or executive officer of ValueAct Capital has personal or other business relationships with participants in a proxy contest (such as a company director or a proponent of the proxy proposal). ValueAct Capital takes steps to identify the existence of any material conflicts of interest relating to the securities to be voted and/or the issues at hand. For example, ValueAct Capital's employees must disclose to the CCO any potential personal conflicts known to them and potential conflicts based on business relationships or dealings. In considering whether a material conflict of interest exists, the CCO may consult with the partners of ValueAct Capital and other persons she deems relevant in making a determination.

In the absence of a finding of a material conflict of interest relating to the proxy vote at hand, the recommendation to vote the proxy as directed by the applicable portfolio manager(s), or their designee, with assistance from the investment team, as necessary, or to abstain from voting the proxy, shall be deemed to have been made in the best interests of ValueAct Capital's clients. If, however, the CCO determines that the recommendation may have been influenced by a material conflict of interest, the proxy shall be voted in accordance with one of the following methods: (i) if feasible, in the manner determined to be in the best interests of the clients by a ValueAct Capital partner not impacted by the conflict of interest or by ValueAct Capital's Management Committee, (ii) in the manner determined to be appropriate by the CCO in consultation with outside counsel, or (iii) in accordance with the recommendations of an independent third-party proxy voting service.

Investors may obtain a copy of ValueAct Capital's written proxy voting policies and procedures as well as information on how ValueAct Capital voted proxies for the clients by requesting such information. Please contact ValueAct Capital at 415-362-3700.

Class Action and Other Lawsuits

From time to time, ValueAct Capital is asked to participate, on behalf of the clients, in lawsuits involving a portfolio company, class action or otherwise. ValueAct Capital generally does not participate in litigation involving a portfolio company, even if the litigation has the potential to recover damages that would enhance the return for the client. ValueAct Capital refrains from participating in such litigation because it believes that participating is not in the best interest of the clients and is inconsistent with, and indeed may undermine, its investment strategy to work constructively with portfolio company management and/or the board (including in some instances

participating as a board member) to implement strategies that maximize shareholder value. Moreover, participating in these lawsuits may be more expensive than any potential gain that may be derived therefrom.

Item 18 Financial Information

ValueAct Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.