

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**BLUE POINT CAPITAL PARTNERS, LLC**

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Blue Point Capital Partners, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (216) 535-4700. 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 authority.**

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

The Management Company filed its most recent Form ADV Part 2 on March 17, 2023. This annual amendment updates the description of the business practices of the Management Company and its affiliates, including the terms and operations of the Funds (as defined herein).

## ADVISORY BUSINESS

The Management Company, a Delaware limited liability company and a registered investment adviser, provides investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Management Company commenced operations in January 2001. Blue Point (as defined herein) is a private investment management firm, including several general partner entities and other organizations affiliated with the Management Company.

The following general partner entities are affiliates of the Management Company:

- BPCP Management II, L.P. (“**GP II**”);
- BPCP Management III, L.P. (“**GP III**”);
- BPCP Management IV, L.P. (“**GP IV**”); and
- BPCP Management V, L.P. (“**GP V**”)

(GP II, GP III, GP IV and GP V each, a “**General Partner**,” and collectively, together with any future affiliated general partner entities the “**General Partners**,” and together with the Management Company and their affiliated entities, the “**Advisers**” or “**Blue Point**”).

The Advisers’ clients include the following (each, a “**Fund**,” and together with any future private investment fund to which Blue Point or its affiliates provide investment advisory services (including a Fund that has not received its final investor commitments as of the date hereof), the “**Funds**”):

- Blue Point Capital Partners II, L.P. (“**Fund II Main**”);
- Blue Point Capital Partners II (B), L.P. (“**Fund II(B)**,” and together with Fund II Main, “**Fund II**”);
- Blue Point Capital Partners II Executive Fund, L.P. (“**Executive Fund II**”);
- Blue Point Capital Partners III, L.P. (“**Fund III Main**”);
- Blue Point Capital Partners III (A), L.P. (“**Fund III(A)**”);
- Blue Point Capital Partners III (B), L.P. (“**Fund III(B)**,” and together with Fund III Main and Fund III(A), “**Fund III**,” and together with Fund II(B), the “**State Plan Funds**”);

- Blue Point Capital Partners III Executive Fund, L.P. (“**Executive Fund III**”);
- Blue Point Capital Partners IV, L.P. (“**Fund IV Main**”);
- Blue Point Capital Partners IV (A), L.P. (“**Fund IV(A)**” and together with Fund IV Main, “**Fund IV**”);
- Blue Point Capital Partners IV Executive Fund, L.P. (“**Executive Fund IV**”);
- Blue Point Capital Partners V, L.P. (“**Fund V Main**”); Blue Point Capital Partners V (A), L.P. (“**Fund V(A)**” and together with Fund V Main, “**Fund V**”); and
- Blue Point Capital Partners V Executive Fund, L.P. (“**Executive Fund V**,” and together with Executive Fund II, Executive Fund III and Executive Fund IV, the “**Executive Funds**”).

The General Partners each serve as general partner to one or more Funds and have the authority to make the investment decisions for the Funds to which they provide advisory services. The Management Company provides the day-to-day advisory and certain administrative services for the Funds. Each General Partner is subject to the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance and is controlled by the Management Company. This Brochure also describes the business practices of the Advisers which operate as a single advisory business. References contained in this Brochure to the strategy and operations of a General Partner should be read to include the activities of the Management Company and other Blue Point advisory affiliates that collectively engage in the investment process and ongoing management of the Funds’ portfolio companies.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” The Advisers’ investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, certain investments in public companies are permitted. Often, the senior principals or other personnel of the Advisers or their affiliates serve on portfolio company boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Blue Point’s advisory services for the Funds are further described in the applicable private placement memoranda or other offering documents (each, a “**Memorandum**”) and limited partnership or other operating agreements or governing documents (each, a “**Partnership Agreement**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss” and “Investment Discretion.” Investors in the Funds (generally referred to herein as “investors” or “limited partners”) participate in the overall investment program for the applicable Fund but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Blue Point and any investor. The Funds or the Advisers are permitted to enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that

have the effect of establishing rights (including economic or other terms) under or altering or supplementing the terms of the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Partnership Agreement, the Advisers expect to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants, other service providers and/or certain other persons associated with the Advisers and/or their affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle is expected to purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in the Adviser's sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2023, the Management Company managed approximately \$1.9 billion in client assets on a discretionary basis. The Management Company is principally owned and controlled by Charles M. Chaikin, John A. LeMay, Julianne Marley and Sean P. Ward.

## FEES AND COMPENSATION

In general, the General Partners receive a Management Fee (as defined below) and a carried interest in connection with advisory services. The General Partners, or other Blue Point entities or affiliates, generally receive additional compensation in connection with management and other services performed for portfolio companies of the Funds (*e.g.*, monitoring fees). A portion of such additional compensation will partially offset the management fees otherwise payable to the applicable General Partner in accordance with the relevant Partnership Agreements. Investors in the Funds also bear certain fund expenses.

### Management Fee

Each Fund pays the applicable General Partner a management fee (the “**Management Fee**”) equal to 2.00% (1.75% for Fund II(B) and Fund III(B)) on an annual basis of aggregate Fund investor capital commitments (“**Commitments**”). Payment of the Management Fee is due quarterly in advance. Most of the Management Fees are ultimately received by the Management Company. Investors participating in a closing after the initial closing of a Fund bear the Management Fee from the date of the initial closing of such Fund plus interest. The Management Fee will be reduced upon the expiration of the investment period or where a particular subsequent Fund commences or upon the occurrence of certain other events as described in the applicable

Partnership Agreement. The Management Fee will be payable until all proceeds from portfolio investments are distributed or until such General Partner's relationship with the applicable Fund is terminated for other reasons (as described in the Fund's Partnership Agreement). Installments of the Management Fee payable for any period other than a full period are generally adjusted on *pro rata* basis according to the actual number of days in such period.

As is generally the case in private equity funds, the governing documents provide that a Fund's Management Fees will be calculated and charged on a basis that generally is not tied to the Fund's then-current net asset value. As further specified in the governing documents, from the effective date of the relevant Fund until a date specified in the governing documents (generally representing the earlier of the end of the Fund's defined investment period and the date the relevant General Partner (or an affiliate thereof) first begins receiving or accruing management fees from another Fund meeting certain criteria) (the "Stepdown Date"), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate Commitments. After the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund for investments that have not been disposed of, less any investments not disposed of that have been permanently written down pursuant to the governing documents.

Under the governing documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value and will instead continue to be calculated based on the amount of such investment contributions. However, where there has been a partial distribution, partial write-down or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions relating to such investment, the governing documents do not require Management Fees after the Stepdown Date to be reduced.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including following the investment period, nor will Management Fees be reduced in connection with write downs, except in the case of investments permanently written down pursuant to the governing documents. Except where the governing documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

In many circumstances, the fair value component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the governing documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

The governing documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the governing documents until they are reduced in the circumstances and on the date(s) specified therein.

To the extent specified in a Fund's Partnership Agreement, the Management Fee is reduced by a specified percentage of the Fund's share of any directors' fees, financial consulting fees or advisory fees, professional services fees, transaction fees, breakup fees and other specified fees and fee amounts paid by portfolio companies to a General Partner, the Management Company or their affiliates, partners, members, officers or employees (such fees, "**Supplemental Fees**"), as more fully detailed and subject to the terms set forth in the Partnership Agreement. A Fund's Partnership Agreement generally provides that Supplemental Fees received by Blue Point and attributable to the Fund's investment in a portfolio company will be credited against Management Fees otherwise owed to the relevant General Partner(s) in a specified percentage (*e.g.*, 80%-100%). The remaining amount of such Supplemental Fees will be retained by Blue Point. To the extent that such an offset credit would reduce the Management Fee for the relevant period below zero, the credit will be carried forward for future application against payable Management Fees. To the extent any such excess remains unapplied upon a Fund's liquidation, each partner of such Fund will receive its share of such unapplied excess, unless such partner elects not to receive its share (*e.g.*, where an adverse tax consequence potentially will result). Some service arrangements with portfolio companies may require fees to be paid in advance.

To the extent that any other Fund or co-investor invests alongside the Fund in any portfolio company investment, any Management Fee reduction associated with Supplemental Fees from the portfolio company may be allocated to the applicable Fund(s) *pro rata* based on the aggregate commitment(s) of such Fund(s).

Additionally, as further described below and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is the Advisers' practice to retain certain Operating Partners (as defined herein), who are not employees of the Adviser, to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Operating Partners generally receive compensation and other amounts described herein, but no such amounts will offset or reduce the Management Fee.

The Management Company or an affiliate may be paid fees of the type referred to in the preceding paragraph (*i.e.*, Supplemental Fees) from, on behalf of or with respect to co-investors in an investment and reserves the right to charge other amounts relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion of any such amount and not the portion of any amount that relates to such co-investors or potential co-investors (which could include co-investment vehicles managed by the Management Company, third parties, portfolio company management or employees and/or others), which have the potential to be significant. Supplemental Fee offsets generally are performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services, and to the extent Supplemental Fees are paid in kind (including through securities, option grants or other interests), Blue Point is permitted to calculate the amount of offset based on the then-current value of the in-kind payment, rather than the ultimate value of the interests as of a future date. Unless otherwise agreed with investors, Supplemental Fees generally will be payable without further offset during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amounts of Management Fees actually offset. Supplemental Fees will be offset only to the extent they are paid during the

holding period of the relevant Fund, and investors generally will not receive the benefit of Supplemental Fees paid prior to the Fund's acquisition of the relevant investment. For the avoidance of doubt, the Management Company also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

Certain Partnership Agreements permit the General Partner to waive or agree to reduce the Management Fee. Certain waived or reduced portions of the Management Fee are treated by the Partnership Agreement as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver has the potential to result in an acceleration (or delay) of investor capital contributions. It is possible that waived or reduced Management Fees, as described above, will cause offset credits to be carried forward for future application against payable Management Fees.

### **Carried Interest**

Each General Partner will receive a carried interest with respect to the applicable Fund (with the exception of the Executive Funds) equal to 20% of all realized profits subject to an 8% annually compounded preferred return and a General Partner catch-up provision, as more fully described in the Partnership Agreement. The carried interest distributed to the General Partner is subject to a potential clawback or giveback at the end of the life of the Fund (and earlier as set forth in certain Partnership Agreements) if the General Partner has received excess cumulative distributions. Generally, the Executive Funds are not subject to a carried interest (though the relevant General Partner reserves the right to receive a carried interest from certain qualifying investors therein).

It is expected that any future Funds will have a similar compensation structure.

### **Other Information**

The Advisers are permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Blue Point affiliates and professionals and any other person designated by the Advisers, such as "friends and family" of Blue Point or its personnel, executives of companies in which the Principals (as defined below) previously have invested, been employed or otherwise been associated or other investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. The General Partners reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by the Advisers and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a Blue Point professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement,



certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest. The General Partners retain flexibility to structure their compensation from investors and expect in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Principals or other current or former employees of Blue Point generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the General Partners or their affiliates.

In addition to the Management Fee and carried interest payable to the General Partner, each Fund bears certain expenses. As set forth more fully in the Memorandum and/or Partnership Agreement, the Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund and/or its activities, business, portfolio companies or actual or potential investments, including with respect to any person formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to the pursuing, structuring, organizing, diligencing, negotiating, consummating, financing, refinancing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, dissolving, liquidating, or otherwise disposing of, as applicable, portfolio companies, and the Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party due diligence, software and service providers (including any subscriptions to any periodicals, databases and/or research services), consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful (such fees and expenses, or other liabilities or obligations, incurred for transactions not consummated ("Broken Deal Expenses")) and costs related to the organization or maintenance of any intermediate vehicle, including without limitation, any travel and accommodation costs related to such entity, the salary and benefits of any personnel reasonably necessary for the maintenance of such entity or other overhead expenses in connection therewith; (ii) indebtedness of, or guarantees made by, the Fund, the Management Company, the General Partner or any affiliated partner on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar activities; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker, finder and other similar services (including buy-side and sell-side fees); (v) brokerage, sale, custodian, depositary, local paying agent, trustee, record keeping, account, registered office and similar services (including any depositary appointed pursuant to the AIFMD and any Swiss

representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act, Swiss Financial Services Act and Swiss Financial Institutions Act (all as amended), including any law, rule or regulation relating to the implementation thereof); (vi) administrative, regulatory, reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance and any related requirements; (vii) legal, accounting, research, auditing, technology, administration (including fees and expenses associated with compliance with any third-party administrator and administration, tracking or reporting software, if any), information, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including expenses incurred in connection with hiring consultants (e.g., headhunter fees, background checks or relocations expenses) but not including the consulting fees and retainers of the Operating Partners (as defined herein)), tax and other professional services (excluding consulting services that are not related to a portfolio company or prospective portfolio company or an existing or prospective investment, and are not performed as part of an investment or investment strategy initiative) including costs related to the establishment or maintenance of any such activities or services; (viii) reverse breakup, termination and other similar arrangements; (ix) insurance, including directors and officers liability, fidelity bond, cybersecurity, portfolio company management liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses (including costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies; (x) filing, title, transfer, survey, registration and other similar fees and expenses; (xi) printing and communications; (xii) printing, communications mailing courier, marketing and publicity; (xiii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports, or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xiv) compliance with any tax or financial account reporting regime, including the U.S. Foreign Account Tax Compliance Act, including any costs of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor systems, ledger systems, financial management and cybersecurity) and other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the investors; (xvi) Fund and/or the Limited Partners, computer software specific to the affairs of the Fund and any parallel investment entity and strategy-related research and market data, including, without limitation, news and quotation equipment and other reporting tools (including subscription-based services); (xvii) any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with the General Data Protection Regulation (EU 2016/679) (as amended) and the Freedom of Information Act, 5 U.S.C. §552); (xviii) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the advisory board (including any costs incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xix) indemnification (including legal and other costs incurred in connection with indemnifying any partner or other person or entity

pursuant to the Partnership Agreement and advancing costs incurred by any such person or entity in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in this Partnership Agreement; (xviii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xvii) any annual, periodic or special meetings of the investors and any other conference, meeting or webcast or other video conference and any periodic executive forum of portfolio company management and/or other persons (in each case, including any costs associated with set-up, room and board, dining, entertainment, travel, honorarium or speakers and other meeting or conference related costs) in each case to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner; (xx) except as otherwise determined by the General Partner in its sole discretion, any cost relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or Organizational Expense if it were incurred in connection with the Fund, and any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs related to any past or anticipated structuring or restructuring of any Fund entity; (xxi) the termination, liquidation, winding up or dissolution of the Fund and any legal entities owned directly or indirectly by the Fund, including portfolio companies and related entities; (xxii) defaults by investors in the payment of any capital contributions to the Fund; (xxiii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, a parallel Fund, the Parallel Fund, the General Partner, Blue Point and related entities, any entities owned directly or indirectly by the Fund (including portfolio companies) and any alternative investment vehicle of the Fund or a parallel Fund, including the preparation, distribution and implementation thereof; (xxiv) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, “know-your-client”, anti-money laundering rules and regulations, sanctions or anti-terrorism considerations), including any legal administrative, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and legal fees and expenses) and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to the Fund or the General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxv) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs of discovery related thereto and the amount of any judgment, settlement or fine paid in connection therewith, except to the extent such costs or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreement; (xxvi) any experts or advisors engaged, including independent appraisers engaged in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person or entity as one or more investment vehicles (other than the Fund) managed or controlled by the General Partner, Blue Point or any of their affiliates, (xxvii) unreimbursed costs incurred in connection with any transfer or proposed transfer contemplated by the Partnership Agreement, name change, internal restructuring or change in trust, registered agent or custodian; (xxviii) any taxes, fees or other governmental charges levied against

the Fund and/or any alternative investment vehicle or parallel investment entity and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund (except to the extent that the Fund, alternative investment vehicle or parallel investment entity, as applicable, is reimbursed therefor by a partner) and any costs of or related to the partners pursuant to the Partnership Agreement); (xxix) distributions to the partners and other costs associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxx) unreimbursed and/or unpaid costs of the Operating Partners, employees or other persons engaged by the Operating Partners; (xxxi) compliance or regulatory matters related to the Fund, except as otherwise set forth in the Partnership Agreement, including compliance with the Partnership Agreement and/or any side letter or similar agreement; (xxxii) amendments to, and waivers, consents or approvals pursuant to side letters or similar agreements with limited partners and "most favored nations" elections processes in connection therewith; (xxxiii) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner or Blue Point at any trade conference, including any applicable registration costs and exhibitions, sponsorships or other presentation costs; (xxxiv) any travel (including, where appropriate as determined by the General Partner, the cost of air travel (including private air travel up to an amount equal to the corresponding first class commercial airfare, as determined by the General Partner), car or ride sharing services or other modes of transportation), and lodging, meals and entertainment related to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxv) any of the items listed in clauses (i) through (xxxiv) above relating to any of the Fund's investments, restructuring, taking public or private, disposition or other opportunity not consummated, including any opportunity offered to co-investors (as well as co-investors' proportionate share of such amounts); (xxxvi) reconstituting the Fund pursuant to the Partnership Agreement; (xxxvii) any private placement fees; and (xxxviii) any other costs approved by the advisory board. As a general matter, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment.

Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Supplemental Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of the Management Company and/or its affiliates. Additionally, subject to the Fund Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. To the extent holding or intermediate entities include one or more special purpose acquisition companies ("SPACs"), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders' equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Fund Documents, such interests are permitted to be issued to the Management Company and its personnel. Each General

Partner reserves the right to agree with Operating Partners, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Excluded from Fund expenses are ordinary overhead and administrative expenses that are payable by the General Partner and/or the Management Company pursuant to the Partnership Agreement and any expenses included as part of the definition of "Investment Contributions" in the Partnership Agreement. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

Certain Funds are expected to enter into credit agreements in connection with bridging capital calls, the cost of which is borne by the Funds. For example, Fund III, Executive Fund III, Fund IV, Executive Fund IV, Fund V and Executive Fund V have each entered into a credit agreement with Silicon Valley Bank, a division of First-Citizens Bank & Trust Company ("SVB"). Under the credit agreements, Fund III, Executive Fund III, Fund IV and Executive Fund IV are permitted to borrow up to a maximum of 15% of aggregate commitments (in accordance with the relevant Partnership Agreement), a portion of which is in form of a committed facility and the rest is available, at the sole discretion of SVB, upon request. Fund V and Executive Fund V are permitted to borrow up to a maximum of 30% of aggregate commitments, a portion of which is in the form of a committed facility and the rest is available at the sole discretion of SVB. All of these credit agreements renew annually and are subject to fees and expenses, including an annual facility fee, an unused line fee, a discretionary increase fee and interest on borrowings. The purpose of these credit facilities is bridge capital calls. Borrowings under the Fund III and Executive Fund III credit facilities must be repaid to SVB within 30 days. Borrowings under the Fund IV, Executive Fund IV, Fund V and Executive Fund V credit facilities must be repaid to SVB within 180 days. As of December 31, 2023, there were no outstanding borrowings under the Fund III or Executive Fund III credit facilities; however, there was one outstanding guarantee under the facilities of a loan from SVB to a portfolio company in the amount of \$9,000,000.00. There were \$7,335,749.89 in outstanding borrowings under the Fund IV and Executive Fund IV credit facilities, and no outstanding borrowings under the Fund V and Executive Fund V facilities as of December 31, 2023.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including without limitation legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection

with services the benefit of which are received by other Funds and/or co-investors over time) and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such amounts, it generally will not be reimbursed separately by other Funds for use of the facility. While Blue Point believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Management Company's related policies and practices and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction generally are expected to be borne by the Fund(s) (*pro rata* based on the aggregate commitment(s) of such Fund(s)), and not by any potential co-investors that were to have participated in such transaction. The Advisers will, however, take into account various factors, including but not limited to, the stage at which the transaction became unconsummated, when determining by whom such Broken Deal Expenses should be borne.

The Management Company and/or its affiliates generally have discretion over whether to charge Supplemental Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Supplemental Fees generally will give rise to conflicts of interest between the Funds, on the one hand, and the Management Company and/or its affiliates on the other hand.

## **Operating Partners**

Additionally, as further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is the Advisers' practice to use or retain certain operating partners (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) (referred to, varying among the Funds as "Operating Partners" or members of a Fund's "Operating Executives Group," and collectively, "**Operating Partners**") to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Operating Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Blue Point's Operating Partners generally are not engaged on an exclusive basis and may be retained by other private fund managers. Operating Partners, who are not employees of the Adviser, receive compensation, including, but not limited to cash fees, retainers, consulting fees,

transaction fees, Board of Directors fees, a profits, participation or equity interest in a portfolio company or holding company, incentive equity and stock awards, profits or equity interests in one or more Funds or General Partners, remuneration from the Management Company and/or its Funds or affiliates, guaranteed minimums or other compensation, the amount of which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such Operating Partners, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such company. The Management Company also expects to enter into arrangements permitting Operating Partners to draw amounts from the relevant Adviser, which will be offset by any compensation of the type in the preceding sentence. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Operating Partner compensation as well as fees, costs and expenses of structuring Operating Partner arrangements. Operating Partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. The use of Operating Partners subjects the Advisers to potential conflicts of interest, as discussed under "Conflicts of Interest" below.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under "Fees and Compensation," the relevant General Partners generally receive a carried interest allocation on certain profits in the Funds, other than the Executive Funds (subject to limited exceptions). To the extent that the Advisers' personnel are assigned varying percentages of carried interest from Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. Also, in addition to managing the Funds, applicable Advisers also manage the respective Executive Funds, which generally are not charged a carried interest or other performance-based fee; this could present a conflict of interest because such Advisers have an incentive to favor accounts for which they receive a performance-based fee. The Advisers seek to address the potential for conflicts of interest in these matters (i) with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Partnership Agreements, as well as other factors that do not include the amount of performance-based compensation received by the Advisers or any personnel and (ii) by generally causing the Executive Funds to: (A) invest in each applicable Fund's portfolio companies in the same proportion as such applicable Fund (relative to their respective aggregate available Commitments) (as generally required by the relevant Partnership Agreements); and (B) dispose of such investments, to the extent reasonably practical, proportionately at the same time and on substantially the same terms and conditions as the applicable Fund, subject to any tax, regulatory or legal restrictions or other considerations (as generally required by the relevant Partnership Agreements). See "Methods of Analysis, Investment Strategies and Risk of Loss," for further discussion of conflicts of interest.

## TYPES OF CLIENTS

The Advisers provide investment advice solely to their respective Fund clients, and references throughout this Brochure to “clients” and to the Advisers’ related duties to and practices on behalf of their respective clients and/or investors should be construed accordingly. The Funds are investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of the Advisers and their affiliates and members of their families, Operating Partners and/or other service providers retained by the Advisers.

Each Fund (other than the Executive Funds) generally has a minimum investment of between \$2 million and \$10 million for third-party investors, which is permitted to be waived by the General Partner. The minimum investment for the Executive Funds is generally \$100,000, which is also permitted to be waived by the General Partner. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors in Fund II, Fund III, Fund IV or Fund V must be (i) “accredited investors” as defined under Regulation D of the Securities act of 1933, as amended and (ii) for certain Funds either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. Interests in the Executive Funds are offered and sold solely to certain sophisticated investors who are also accredited investors (and qualified purchasers, as required).

Each of the State Plan Funds is a single investor vehicle established to accept investment by a large state plan investor (the “**State Plan**”). The State Plan Funds invest on a side-by-side basis with the applicable related Fund (*e.g.*, Fund III(B) invests on a side-by-side basis with Fund III Main), and in a certain historical case, a single investment co-invest vehicle was formed to invest directly into a portfolio company alongside the applicable related Fund(s). The State Plan Funds are subject to different investment terms than those available to investors in the other Funds. The terms applicable to Fund III(B) differ from those of Fund III Main and Fund III(A), including, for example, the terms governing the General Partner’s Commitment, key person events, the partners’ giveback obligations, Management Fee rates and indemnification rights. The Partnership Agreement for Fund III(B) provides different standards to comply with statutory requirements for the State Plan.

Certain affiliates of Blue Point and other third-party investors are expected to be permitted to co-invest directly or via a co-invest vehicle in a particular portfolio company, or in a holding company which holds the equity in the portfolio company. Co-investments are typically offered only to the extent such investment opportunities exceed the available investment capacity of the applicable Funds as deemed prudent in the sole discretion of the Advisers and taking into account conflicts provisions in the relevant Partnership Agreements, investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk and the Advisers’ Investment Allocation/Co-Investment Policy. Co-investments are also typically provided on a fee-free and carried interest-free basis. The



Advisers will select which investors are permitted to participate in such co-invest opportunities based on various factors, including the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons as may be more fully described in the applicable Partnership Agreement and the Advisers' Investment Allocation/Co-Investment Policy. Such co-investments typically invest and dispose of their interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle is expected to purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate and in the Adviser's sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle to compensate the relevant Fund for the holding period, and to seek reimbursement to the relevant Fund for related costs. The Advisers are not obligated to make co-investment opportunities available to any particular investors or limited partners.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

The principal investment strategy of Blue Point is to achieve long-term capital appreciation, primarily by acquiring equity and equity-related securities and debt in private growth-oriented companies. Blue Point generally targets market-leading, lower middle market manufacturing, business services, consumer and value-added distribution companies that are well-positioned for growth through internal expansion and/or strategic add-on acquisitions. Blue Point seeks to make investments of between \$40 million and \$150 million in companies that have between \$30 million and \$300 million in revenue and approximately \$10 million and \$50 million in EBITDA. Investments are predominantly in non-public companies although certain investments in public companies are permitted.

The following is a summary of the investment strategies and methods of analysis generally employed by the Advisers on behalf of the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis are included in the applicable Memorandum and Partnership Agreement for each Fund. *There can be no assurance that the Advisers will achieve the investment objectives of the Funds, and a loss of investment is possible.*

## Investment and Operating Strategy

The Advisers seek to provide returns to investors by (i) using research and contacts to identify investments that the Advisers believe are attractive, (ii) performing analysis and due diligence to select and structure investments and (iii) providing significant resources to portfolio companies.

*Identification of Investment Opportunities.* Blue Point has developed a regional model in an effort to source attractive investment opportunities on a less competitive basis through a localized approach. To this end, Blue Point has offices in the West Coast (Seattle) and the Southeast (Charlotte) to complement its home office in the Midwest (Cleveland). The Advisers believe this regional presence allows them to access opportunities to invest in entrepreneur- or family-owned businesses seeking ownership transitions and growth capital through recapitalizations. While most of the Advisers' investment opportunities are sourced through their extensive network of relationships within the regions of their offices, the Advisers seek to also identify industry segments in which they can team with an experienced executive with relationships and attractive operating and/or acquisition strategies within such industries.

*Analysis and Diligence.* The Advisers conduct in-depth due diligence on prospective investments and have developed methodologies and tools for identifying and mitigating risk. To assist in evaluating the competitive landscape, industry history and evolution, market dynamics, and acquisition activity, the Advisers employ both conventional sources of industry information (e.g., market research reports, market intelligence databases, industry trade group resources) and their extensive network of operating executives and industry-specific management consultants who are most familiar with the given industry. The Advisers spend considerable time with the management team of each prospective portfolio company to determine whether its cohesiveness, competency and initiative are adequate to meet both the anticipated challenges and growth targets during the relevant Fund's period of ownership. The Advisers also perform extensive research on key customers and suppliers to gain a greater understanding of a company's core value proposition, performance, and reputation within an industry. In addition, when applicable, the Advisers engage Blue Point's Asia office to provide proprietary insights into trends in Asian markets, supply chains and production capabilities of a prospective portfolio company. This analysis seeks to determine whether an investment opportunity may be negatively impacted by trends developing in Asia, or, conversely, whether the opportunity exists to grow the business through enhanced contacts with the Asian market.

*Managing Investments.* Early in the investment period, the Advisers seek to create a business plan for the portfolio company that may focus on (i) augmenting and/or upgrading the company's board of directors and/or executive management teams, (ii) growing revenues by developing the company's niche or market position, (iii) growing revenues through synergistic add-on acquisitions, (iv) growing revenues by enhancing the company's use of customer/product/pricing data analytics as well as digital marketing and e-commerce sales channels, (v) enhancing operating profit through operating efficiencies and cost reductions and (vi) reducing the company's acquisition debt level over time, among other strategies. At the onset of every investment, the Advisers work directly with the management team to develop a plan to identify, chart, assign and monitor the execution of the next immediate steps.

As part of their strategy, the Advisers maintain relationships with a group of approximately 15 seasoned operating executives. These operating executives (i) provide diagnostic due diligence, (ii) serve on the board of directors of portfolio companies, (iii) provide interim management when necessary, (iv) assist in special projects for portfolio companies, (v) act as mentors to senior executives of Blue Point portfolio companies and/or (vi) at times take a permanent management position with a portfolio company.

*Realization of Liquidity.* The Advisers believe the method of exit is an integral component of value creation and they actively evaluate exit options prior to investing in a company. The Advisers' objective is to build larger, more professional businesses over a four-to-six-year time horizon. As part of the investment process, potential exit strategies are discussed with the management team and analyzed within the context of the proposed strategic growth plan. The Advisers monitor investment performance and market conditions to regularly evaluate the optimal timing of an exit. Since management generally invests equity capital alongside the relevant Fund and is provided with incentives to earn additional equity upon a successful liquidity event, management and the Advisers have aligned interests towards realizing capital appreciation over the investment period.

## **Risks of Investment**

Each Fund and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with an Adviser's investment strategy and an investment in a Fund are detailed in such Fund's Memorandum. The following list is not a complete list of all risks involved in connection with an investment in the Funds. In general, the risks applicable to each Fund and the activities of its related General Partner and the Management Company include, but are not limited to:

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Future and Past Performance.* The performance of the Advisers' prior investments is not necessarily indicative of a Fund's future results. While the General Partner intends for a Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

*Concentration of Investments.* A Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect such

Fund's aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity and related debt transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the Commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear annual Management Fees based on the entire amount of the limited partners' Commitments to such Fund (for the applicable period, or until the Stepdown Date), and other fees and expenses as set forth in the applicable Partnership Agreement.

*Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the General Partner is permitted to pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Partnership Agreement. A General Partner is permitted to pursue investments outside of the industries and sectors in which Blue Point has previously made investments or has internal operational experience.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for several years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the Advisers) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded Commitments.

*Leveraged Investments.* A Fund generally makes use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment, usually in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment, or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant

Fund. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant governing documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guaranty or exposure to such liability. The use of leverage by a Fund also generally will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund is generally permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Blue Point or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of a Fund.

*Environmental, Social and Governance ("ESG") Matters.* The Advisers maintain an ESG policy and seek to integrate certain ESG factors into their investment process in accordance with the policy and subject to their fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that the Advisers will be able successfully to implement its ESG policy while achieving its investment strategy. ESG factors are only some of the many factors the Advisers may consider in making an investment or as part of ongoing engagement. Other factors may be given greater weight, particular ESG factors may be disregarded, and the Advisers may not consider all of the ESG factors that an investor believes are important. To the extent ESG factors are considered, they will be considered based solely on their financial materiality. The Adviser invests solely for financial return and does not seek to generate positive ESG impact as an investment goal. Its investments may not result in positive ESG impact and could adversely impact one or more ESG attributes.

There are significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as the interpretation of their scope and materiality. The Advisers' interpretations and decisions are expected to differ from others' views, could also evolve over time, and may not align with the approach, policies or regulatory requirements applicable to a particular investor.

In addition, in evaluating an investment, the Advisers expect to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause the Advisers to incorrectly assess a company's ESG practices and/or related risks and opportunities. The Advisers do not intend independently to verify all ESG information reported by investments or third parties.

Considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on the Advisers' view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG policies. For avoidance of doubt, however, the Advisers do not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

Lastly, ESG practices are evolving rapidly including without limitation due to regulation, new and changing issues and areas of stakeholder focus, shifting investor sentiment (including so-called anti-ESG sentiment) and evolving investee company practices. There are different principles, frameworks, methodologies and tracking tools being implemented by other asset managers, and the Advisers' adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. The Advisers' ESG policies could become subject to additional regulation in the future, and the Advisers cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

*Subscription Lines.* A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Partnership Agreement, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's

cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the governing documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. Although it is not expected, certain Funds also are authorized to and

certain circumstances may utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse the Management Company for expenses incurred on behalf of the Fund.

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

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

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Reliance on Portfolio Company Management.* Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although a Fund generally intends to invest in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.



*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), result in a lost opportunity for such Fund to increase its participation in a successful operation or the dilution of the relevant Fund's ownership in a portfolio company if a third party or co-investor is permitted to invest.

*Non-U.S. Investments.* A Fund may invest a portion of the aggregate Commitments in portfolio companies that are organized or headquartered and/or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Fund), and the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the limited partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Director Liability.* A Fund will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives and ultimately the Fund to potential liability. Not all portfolio companies may obtain insurance with respect to such liability and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their

respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

Various sectors of the U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. The financial services industry generally and investment activities are affected by general economic and market conditions, including interest rates, availability of credit, lack of price transparency, inflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, national and international and environmental and socioeconomic circumstances. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by tightening of credit markets. It remains unknown whether governmental measures undertaken in response to market turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when Blue Point believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that Blue Point believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more a Fund's portfolio companies.

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

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-

home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployment levels, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds’ and their portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds’ ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and the Advisers may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity’s personnel. These measures may also hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*Financial Regulatory Reform and Future Changes in Applicable Law.* Future legislative, judicial or administrative action could adversely affect a Fund's ability to implement its investment program or conduct its operations. The private fund industry has been subject to increased legislative and regulatory scrutiny, resulting in additional regulations. The SEC has recently adopted new rules and amendments to enhance the regulation of private fund advisers. These include new and substantial requirements with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. Compliance with the new rules will result in higher compliance and operational costs for Blue Point that will increase, as permitted under applicable law and applicable Partnership Agreements, expenses payable by limited partners in respect of these obligations. As a result of new rules, Blue Point may be restricted or refrain from providing information regarding a Fund in response to investor requests. As required, Blue Point will circulate to investors terms of preferential treatment agreed in connection with investments in a Fund without regard to any most favored nation provision. This may ultimately impact Blue Point's decisions with respect to agreeing to certain preferential rights. Many provisions of the new rules require Blue Point to make a variety of subjective determinations as to whether and how such rules apply to the Funds and Blue Point's related obligations. Blue Point will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a Fund, whether certain provisions may have a material, negative impact on certain investors and whether certain allocations are fair and equitable. Blue Point's and the Funds' compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. Blue Point also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of SEC rulemaking, and any noncompliance or perceived noncompliance with such rules may negatively impact a Fund's reputation as well as its investment activities, thereby materially reducing returns to investors.

*Limited Access to Information.* Limited partners' rights to information regarding a Fund, the relevant General Partner or the Adviser generally will be specified, and in many cases strictly limited, by the Partnership Agreement. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of the Adviser's control. Decisions by the Adviser or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor the Adviser and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and the Adviser reserves the right to withhold certain information from investors subject to such laws for reasons relating to the Adviser's public reputation, business strategy or other reasons.

*Material Non-Public Information; Other Regulatory Restrictions.* Rarely, as a result of the operations of Blue Point and its affiliates, Blue Point is expected to come into possession of material non-public information. Therefore, Blue Point and its affiliates are expected to have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Advisers' internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Blue Point or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of Blue Point's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by Blue Point or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

*CFIUS and National Security Clearance Considerations.* Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("**CFIUS**"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-

U.S. limited partners comprise a substantial percentage of a Fund. Under the governing documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

*Unfunded Pension Liabilities of Portfolio Companies.* As a result of a Fund's investment in a majority-owned portfolio company, such Fund may be found jointly and severally liable for certain pension liabilities to the extent the portfolio company is unable to satisfy such liabilities. Although the Adviser manages each Fund's investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension liabilities. If such Fund were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on court decisions, statute, regulations, and agency interpretations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops. This is currently an unsettled area of law, and significant questions remain regarding the potential application of historical case law and guidance to similar factual situations.

*Valuation of Investments.* Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks and may also affect the diversification and management of such Fund's portfolio of investments.

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or is subject to terms and conditions imposed by portfolio company lenders, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or

operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions ("**Privacy Laws**") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Advisers, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Advisers, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Adviser, the General Partner, the Funds and/or their portfolio companies.

*Cybersecurity Risks.* Blue Point, the Funds, portfolio companies, service providers and other market participants depend on complex and often interconnected information technology and communications systems to conduct business functions. These systems are subject to a number of different threats and other risks that could adversely affect the Funds and their investors, despite the efforts of Blue Point and the Funds' service providers to adopt technologies, processes and procedures intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the Funds and investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of Blue Point, the Funds' service providers and counterparties, as well as the data stored by these systems, including investor information. Blue Point and the Funds' service providers may be subject to ransomware or other attacks that could cause a substantial business disruption or loss of availability of data that could prevent the Funds and Blue Point from executing investment strategies or investments, or accessing an account, which could lead to financial losses. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Blue Point's systems to disclose sensitive information in order to gain access to Blue Point's data or that of the Funds' investors or to transfer funds to unauthorized third parties. A successful penetration or circumvention of the security of Blue Point's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or

theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Blue Point or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, increased insurance premiums or financial loss. In addition, Blue Point may incur substantial costs related to investigation and remediation of the cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks. Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

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

From January 1, 2021, EU laws ceased to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the UK on financial services, substantial amendments to English law may occur. The UK government has enacted legislation that will repeal, replace or otherwise make substantial amendments to the EU laws that currently apply in the UK. It is impossible to predict the consequences for a Fund and its investments. Such changes could be materially detrimental to a Fund and its investors.

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

The future application of EU-based legislation to the private fund industry in the UK and the EU will ultimately depend on how the UK renegotiates the regulation of the provision of financial services within and to persons in the EU. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives. Brexit could result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and



liabilities, an adverse effect on the ability of the general partner of a Fund, the Adviser and their affiliates to manage and operate a Fund and to make investments and an increased legal, regulatory or compliance burden for the general partner of a Fund, the Adviser, their affiliates and/or the Funds, each of which could have a negative impact on the operations, financial condition, returns or prospects of the Funds.

The UK's withdrawal from the EU has caused uncertainty in a number of areas including, but not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within EU countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of a Fund's investments and the ability to achieve the investment objective of a Fund.

*Russia-Ukraine Conflict, Israel, Middle East Security, Military and Related Risks.* An ongoing military conflict exists between Russia and Ukraine, which has caused various disruptions to global financial systems, trade and transport, and food security in certain regions of the world, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. The U.S. and allied countries have taken steps to prevent certain Russian banks from accessing international payment systems and implemented sanctions on certain Russia exports, including oil and natural gas. Additionally, the U.S. and allied countries have issued sanctions on certain foreign individuals and national leaders who have supported Russia's invasion of Ukraine, restricting such persons from particular transactions in the U.S. and allied countries. Russia's invasion of Ukraine, related cyberattacks, the displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on various economies and business activity globally (including in the countries in which the Funds invest), and therefore could adversely affect the performance of a Fund's investments. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Given the ongoing and evolving nature of the conflict and its ongoing escalation (such as Russia's decision to place its nuclear forces on high alert, its potential involvement in the conflict between Israel and Hamas, its recent suspension of its participation in its last nuclear arms treaty 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. Given the involvement of the broader international community in the conflict, including via the supply of weapons to Ukraine and China's role in proposing various ceasefires, there remains a risk of spread of the conflict beyond Eastern Europe.

On October 7, 2023, Hamas, a Palestinian terrorist group who has sought to control the Gaza Strip since 2006, breached the fences separating Israel and Gaza, and conducted a violent, surprise attack on Israeli civilians. This attack sparked an armed conflict, which is currently ongoing, between Hamas and other Palestinian militant groups and Israel, known as the 2023 Israel-Hamas war. Across the Middle East region, tensions have risen, and the conflict has begun

to spill over into Lebanon, Iraq, Syria, and Yemen, including attacks on U.S. presence in those countries. There is concern that the Hamas-Israel conflict could continue to expand to involve other regional powers and global actors. This new conflict has created tremendous unrest and uncertainty in the region, which may threaten any existing or future peace agreements. The ultimate course of a conflict such as the Israel-Hamas war, and its impact on global economic and commercial activity and conditions, and on the operations, financial condition and performance of a Fund or any particular industry, business or investee country, including a Fund's portfolio companies, in particular such companies with any operations or exposure to Israel, as well as the duration and severity of such effects, is impossible to predict. This impact may include reductions in revenue and growth, cyber-attacks, unexpected operational losses and liabilities, reductions in the availability of capital and reductions in the availability and productivity of the workforce. It may also limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. The conflict could also deter the Funds from making certain investments in or with connections or exposure to Israel, and as a result, the Funds could experience lower returns than if they had made such investments, in particular if the conflict resolves more quickly than anticipated. Developing and further governmental actions (military or otherwise), regional spillover, and international negotiations over such conflicts may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which the Funds intend to pursue, all of which could adversely affect the a Fund's ability to fulfill its investment objectives.

*U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or the Advisers who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for the Advisers to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

*Benchmark Rate Risk.* Prior to June 30, 2023, certain bonds and loans held by the Funds may have had floating interest rates based on the London Inter Bank Offered Rate ("**LIBOR**"). LIBOR is an estimate of the interest rates to borrow U.S. dollars, sterling, euros and certain other currencies in the London unsecured interbank market, and was widely used as a reference for setting the interest rate on loans, bonds and derivatives globally. Consistent with prior announcements by the United Kingdom's Financial Conduct Authority ("**FCA**"), the representative settings for all Swiss franc, euro, British pound sterling, Japanese yen, and U.S. dollar LIBORs are no longer available as of June 30, 2023, while synthetic 3-month British pound sterling LIBOR and 1-, 3- and 6-month U.S. dollar LIBOR settings are expected to cease at the end of March 2024 and September 2024, respectively.

On March 15, 2022, the United States enacted the Adjustable Interest Rate (LIBOR) Act of 2021 (“**LIBOR Act**”). The federal LIBOR Act preempts similar state legislation (including that enacted in New York) and provides one national approach for replacing U.S. dollar LIBOR as a reference interest rate in certain contracts, including those with no fallback provisions or with fallback provisions that identify neither a specific replacement rate nor a “determining person” as defined in the legislation, once U.S. dollar LIBOR is no longer published or is no longer representative. The U.S. Federal Reserve (the “**Federal Reserve**”) has adopted the final rule that implements the LIBOR Act, which established certain Secured Overnight Financing Rate (“**SOFR**”)-based benchmark replacements for contracts governed by U.S. law that reference overnight and one-, three-, six- and 12-month tenors of U.S. dollar LIBOR that do not have suitable fallback provisions after June 30, 2023. As a result of the transition away from LIBOR as a benchmark reference for interest rates, certain bonds and loans held by the Funds may have floating interest rates based on SOFR or, if otherwise provided in the underlying contracts, other alternative benchmark rates.

*SOFR Risk.* SOFR is a relatively new index rate calculated based on short-term repurchase agreements backed by U.S. Treasury Instruments. While LIBOR is an unsecured rate, SOFR is a secured rate. SOFR, unlike LIBOR, reflects actual market transactions. Accordingly, SOFR is not the economic equivalent of LIBOR. Consequently, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, monetary policy, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

Additionally, because SOFR is published by the Federal Reserve Bank of New York (the “**New York Fed**”) based on data received from other sources, Blue Point has no control over its determination, calculation, or publication. There can be no assurance that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Funds. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on SOFR-linked floating rate instruments and the trading prices of such instruments. Additionally, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although occasional, increased daily volatility in SOFR would not necessarily lead to more volatile interest payments, the return on and value of SOFR-linked floating rate instruments may fluctuate more than floating rate instruments that are linked to less volatile rates. All of the foregoing risks may affect the performance of the applicable bonds and loans in which the Funds invest, which in turn may adversely affect the performance of the Funds.

*Alternative Benchmark Rate Risk.* As stated above, some of the bonds and loans held by the Funds may have floating interest rates based on alternative benchmark rates other than SOFR. Such alternative benchmark rates, like SOFR, may not have been widely used by market participants until relatively recently, and they may not perform exactly the same as LIBOR because they are calculated and administered differently. Generally, the use of alternative benchmark rates (including SOFR) may (i) cause the value of the interest rate on such bonds and loans to be uncertain or to be lower or more volatile than it would otherwise be, (ii) result in uncertainty as to the functioning, liquidity or value of such bonds and loans, and/or (iii) involve actions of regulators

or rate administrators that may adversely affect certain markets or contracts underlying such bonds and loans. All of the foregoing could adversely affect the return on and value of the related floating rate instruments in which the Funds invest.

*Inflation Risk.* Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of the Funds' assets can decline). Inflation poses a "stealth" threat to Fund investors because it reduces savings and investment returns. Central banks, such as the U.S. Federal Reserve, generally attempt to control inflation by regulating the pace of economic activity. At times, governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity; conversely, governments can attempt to combat deflation with tax cuts and increased spending designed to stimulate economic activity. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and a Fund's investments may not keep pace with inflation, which may result in losses to Fund investors. In addition, if a portfolio company is unable to increase its revenue in times of higher inflation, its profitability might be adversely affected. One or more portfolio companies could have long-term rights to income linked to some extent to inflation including, without limitation, by government regulations and contractual arrangements. As inflation rises, typically a business will earn more revenue but also will incur higher expenses; as inflation declines, a business might be unable to reduce expenses in line with any resulting reduction in revenue. A rise in real interest rates may also result in higher financing costs for portfolio companies and could therefore result in a reduction in the amount of cash available for distribution to Fund investors.

*Secondaries and other GP-Led Transactions.* There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by the Advisers following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where the Advisers believe there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by the Advisers and their affiliates). However, certain of such transactions are expected to require a limited partner to invest additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio company, and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of the Advisers or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where the Advisers or an affiliate

will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, the Advisers, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances. The Advisers reserve the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that the Advisers will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, the Advisers reserve the right, in their sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant governing documents.

*Custodial Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "**Custodian**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Custodian experiences a Distress Event, the Advisers, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Custodians in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Custodians that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Advisers to manage the Funds and their investments, and on the ability of the Advisers, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Custodian experiencing a Distress

Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although the Advisers expect to exercise contractual remedies under the agreements with Custodians in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

These risks are expected to be heightened where a Custodian requires, as a condition to using its services or otherwise, that the Advisers or the relevant Fund maintain all or a set amount or percentage of its accounts or assets with the Custodian. Although the Advisers seek to do business only with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Advisers are under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

### **Conflicts of Interest**

Blue Point and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, legal, management and other services to the Funds and portfolio companies. The Advisers will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Advisers conducting their activities, the interests of a Fund likely will conflict with the interests of the Advisers, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Advisers will determine all matters relating to structuring transactions and Fund operations using their reasonable judgment considering all factors they deem relevant, but in their sole discretion, subject in certain cases to the required approval by the limited partner advisory committee (“**LP Committee**”) of the participating Fund.

During the investment period of each of the Funds, the principals of the Advisers (the “**Principals**”) pursue all appropriate investment opportunities exclusively through the Funds, subject to certain exceptions set forth in the Fund’s Partnership Agreements and Blue Point’s allocation policies. However, the Principals will typically manage several other funds and investments similar to those in which the Funds invest and expect to direct certain relevant investment opportunities or resources to those funds and investments rather than to the Funds. Without limitation, the Principals and other Adviser personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. The Principals and the Advisers’ investment staff will continue to manage and monitor such funds and investments. The investment of the Principals in each of the Funds, as well as the Principals’ interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in the Funds, although the Principals have economic interests in such other Funds and investments as well and receive management fees and carried interests relating to these interests.

Such other funds and investments that the Principals expect from time to time to control or manage generally have the potential to compete with the Funds or companies acquired by the Funds. Following the investment period of a Fund, the Principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an advisory opportunity is received that is unsuitable for a Fund, in the Advisers' sole discretion, the Advisers and their personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless expressly restricted by the Fund Documents, Adviser personnel are permitted to serve on boards or act in other roles unaffiliated with the Management Company, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

From time to time, the Principals will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds operated by Blue Point. In determining which investment vehicles should participate in such investment opportunities, the Advisers and their affiliates are subject to conflicts of interest obligations among the investors in such investment vehicles. Except as required by the Partnership Agreements, the Advisers are not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of the Advisers in a portfolio company also have the potential to raise the risk of using assets of a client of the Advisers to support positions taken by other clients of the Advisers.

The Advisers must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Advisers generally assess whether an investment opportunity is appropriate for a particular Fund based on the Fund's Partnership Agreement, as well as factors including but not limited to: investment restrictions and objectives, (including those set forth in the relevant Partnership Agreements, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliated adviser of an Adviser in the manner set forth in the relevant Partnership Agreements and the Adviser's Investment Allocation/Co-Investment Policy. The Adviser will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with the Adviser's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could acquire size, revenue or other characteristics that would make it a suitable investment for one or more other Funds.

In addition, the Advisers may, from time to time (i.e., when one Fund is nearing the end of its investment period and a new Fund is preparing to commence), consider an investment opportunity for one Fund and then subsequently determine to have another Fund advised by an affiliate make the investment. In making any such reallocation determination, the Advisers will consider a variety of factors and conflicts of interest will arise, including those set forth in both respects in the preceding paragraph. Further, a conflict of interest exists because the investing Fund will benefit from the initial evaluation, investigation and due diligence undertaken by the Advisers on behalf of the original Fund for which the investment was initially considered. In certain cases,

such reallocation determination could occur after a significant period of time has passed and the Fund to which the investment was originally allocated has incurred out-of-pocket expenses in connection with evaluation, investigation and due diligence of such investment. The investing Fund typically will not be required to reimburse the original Fund for such expenses. If the investing Fund does reimburse the original Fund for such expenses, the investing Fund typically will not pay interest on any such amounts reimbursed to the original Fund. The Advisers experience conflicts of interest in connection with causing one Fund to incur expenses that may ultimately benefit another Fund advised by its affiliate, and similarly experiences conflicts of interest in determining the need for, calculating the amount of, and effecting any such reimbursement, as such arrangements may involve the discharge of a liability that one Fund of the Advisers' affiliate owes to another Fund, and in all such cases these determinations, calculations, and terms are not arm's length arrangements and there can be no assurance that the allocation of such expenses is in the best interest of the Funds. There can be no assurance that the amounts, if any, reimbursed to the original Fund will be commensurate with the benefit received by the investing Fund.

Following such determination of allocation among Funds, the Advisers reserve the right to offer co-investment opportunities to one or more potential co-investors, including Operating Partners, vendors, services providers and/or other third parties, as determined by the Funds' Partnership Agreements, Side Letters and the Advisers' procedures regarding allocation. The Advisers' procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; the Advisers' perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Advisers' ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; whether the Advisers believe that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or the Advisers; and other appropriate factors. Although the Advisers reserve the right to consider a prospective co-investor's willingness to invest in future Funds may be considered by the Advisers, such willingness generally will not be the sole determining factor considered by the Advisers in identifying co-investors. The Advisers reserve the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, the Advisers or their related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while



others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and the Advisers expect to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's governing documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that related persons of Blue Point and its affiliates make capital investments in or alongside certain Funds, the Advisers and their affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Advisers' allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While the Advisers will allocate investment opportunities in a manner that they believe is fair and equitable to their clients under the circumstances over time and considering relevant factors (including reserving a portion of available capital for follow-on investments from previously investing funds), there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Advisers expect to be subject, discussed herein, did not exist.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ

the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. As a historical example, in certain circumstances, the Advisers have recommended the sale of a portfolio company held by one Fund to a third party for a price determined by the Advisers to represent an attractive return on investment for such Fund, and also recommended a re-investment in such portfolio company by another Fund. The Advisers believed the portfolio company still represented a strong investment opportunity for the reinvesting Fund and obtained LP Committee approval from the Funds before executing the sale and re-investment by the respective Funds. Similar circumstances may arise again in the future. In addition, the Advisers and their affiliates from time-to-time express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements, the Advisers will allocate fees and expenses in a manner that they believe is fair and equitable to their clients under the circumstances over time and considering such factors as they deem relevant, but in any case in their sole discretion. In exercising such discretion, the Advisers generally expect to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by the Advisers or their affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Adviser(s). The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment. Further, the Advisers reserve the right to consider each relevant Fund's strategy as a component of its allocation of investment expenses, and as a general matter will not allocate expenses associated with one Fund's equity investment to a different Fund's credit investment, or vice versa, even if the two investments are in the same portfolio company.

Because the General Partners' carried interest is based on a percentage of net realized profits, it may create an incentive for the Advisers to cause the Funds to make riskier or more speculative investments than would otherwise be the case. That incentive is moderated because any investment losses also result in a reduction of the General Partner's carried interest amounts. Under the terms of the Partnership Agreements, the General Partner is responsible for determining the unrealized fair value of investments and the LP Committees are responsible for reviewing the valuations at least annually and are authorized to object to certain valuations under certain

conditions. In certain Partnership Agreements, the amount of Management Fees after the investment period and the timing of carried interest payments to the General Partner may depend on the valuations, which may create an incentive for the Advisers to assign a higher value to the investments than would otherwise be the case. That incentive is moderated by the requirement that the General Partner present the valuations to the LP Committee to determine whether the LP Committee objects.

In addition, the valuation of partially realized or unrealized investments from time to time may be zero or close to zero. Because the Management Fee, at certain times during the life of the Funds, payable to the Adviser is based on capital invested by the Funds relative to such investments, in such instances the Management Fee paid with respect to such investment will be higher than if the Management Fee payable were based on the fair value of such investment. The Adviser has discretion in determining whether and when an investment has been permanently written down, which impacts the calculation of Management Fee. As provided in the Funds' governing documents, following the investment period of a Fund, the Management Fees with respect to such Fund are typically calculated based on invested capital, which is reduced by any investments that are permanently written down. As a result, a conflict of interests exists because the Adviser has an incentive to refrain from or delay permanently writing down investments in order to ensure the Management Fee base does not decrease, which would result in higher Management Fees ultimately paid to the Adviser. In general, the Adviser evaluates several criteria in determining whether to permanently write down an investment, including, without limitation, how long the investment has been held, length of time the investment has been marked down, materiality or markdown, anticipated holding period of the investment, volatility in valuation, impact of market conditions on valuation, other valuation methodologies showing increased valuations, and anticipated recovery path for the investment. The Adviser may change these criteria in its sole discretion from time to time and the Adviser has flexibility in determining the applicability and weight of these factors and has ultimate discretion in determining whether an investment should be permanently written down. As a result, the Adviser is permitted to determine that even extremely distressed investments should not be permanently written down. There can be no assurance that an investment, in hindsight, should have been permanently written down or should have been permanently written down at an earlier date.

Since the General Partners are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, the Advisers could have a conflict of interest in connection with approving transactions. The General Partner attempts to resolve such conflict by offsetting the Management Fee by a specified percentage of such Supplemental Fees.

As a result of the Funds' controlling interests in portfolio companies, the Management Company and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Blue Point personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to the Management Company and/or its affiliates. Except to the extent such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to the Adviser.

Additionally, a portfolio company typically will reimburse an Adviser or service providers retained at the Adviser's discretion for expenses (including without limitation, travel expenses) incurred by the Adviser or such service providers in connection with their performance of services for such portfolio company. For example, in connection with an Adviser's investment and operating strategy, it may assist a portfolio company in hiring fully dedicated employees in non-U.S. jurisdictions. In order to minimize the portfolio company's administrative cost, effort and lead-time, the portfolio company employees may utilize common facilities (*e.g.*, premises, utilities, office equipment, etc.) and be compensated by the Adviser. Thereafter, the portfolio company will reimburse the Adviser for its employees' salaries and other direct costs. It is expected that as a portfolio company's efforts in such jurisdictions mature, it will establish its own separate entity in such jurisdictions and take over responsibility for paying some or all of the costs of these efforts directly. Further, in certain circumstances, an Adviser may compensate an Operating Partner for services provided to a portfolio company, in which case the portfolio company will reimburse the Adviser for such amounts. These scenarios subject the Management Company and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Each Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to such Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors or of lenders to portfolio companies as well as the LP Committee annually; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

In connection with its services to the Funds and their investments, the Management Company, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Management Company's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Management Company and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Management Company Information**"). In many cases, Management Company Information will include tools, procedures and resources developed by Management Company to organize or systematize Management Company Information for ongoing or future use. Although the Management Company expects its Funds and their portfolio companies generally to benefit from the Management Company's possession of Management Company Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by the Advisers and its personnel) and not by the Fund or portfolio company from which Management Company Information was originally received. Management Company Information will be the sole intellectual property of the Management Company and solely for the use of the Management Company. The Management Company reserves the right to use, share, license, sell or monetize Management Company Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards,

traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

Each Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) the Adviser or a related person of the Adviser (which may include a portfolio company of such Fund); (ii) an entity with which the Adviser or its affiliates or current or former members of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Adviser personnel are seconded, or from which the Adviser receives secondees; or (iii) certain limited partners or their affiliates. For example, an Adviser expects to be presented with opportunities to receive financing and/or other services in connection with a Fund’s investments from certain limited partners or their affiliates that are engaged in lending or related business. This subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser has a potential incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that the Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Adviser generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where the Adviser commits or has committed to seek “market” or “arms-length” rates or terms, the Adviser will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. The Advisers reserve the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value or on terms that are “arms-length.” Consequently, the Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Adviser reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not an Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In certain circumstances, current or former Blue Point personnel are expected to serve in interim or part-time roles at a portfolio company or provide services to a portfolio company as a

secondee or in similar capacities, whether or not while maintaining certain legacy economic arrangements, benefits, support services or indicia of employment at Blue Point. Under such arrangements, the Adviser(s) and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships or to former employees generally will not offset or reduce the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold or when the position can be filled on a longer-term or permanent basis. Employees may or may not return to Blue Point at the end of such secondee arrangement.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to, and reimburse expenses of, Operating Partners and other third-party consultants (including consultants introduced or arranged by the Advisers and/or their affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the Management Fee as described herein. Operating Partners make use of the Advisers' resources or otherwise are associated with an Adviser. An Adviser and/or its affiliates reserves the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis or provide other compensation. Operating Partners are expected from time to time to include former employees of the Advisers or certain portfolio companies, and in some circumstances former Operating Partners are expected to become the Advisers' employees or employees of portfolio companies. Consequently, the determination of whether individuals are Operating Partners is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that the Advisers otherwise would be required to bear. To the extent that Operating Partners are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Operating Partner's services at a time when fewer portfolio companies or Funds make use of such Operating Partner. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or written work product generated by the Operating Partner. Operating Partners generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of any Fund as described herein, and the use of Operating Partners is expected to fluctuate and/or expand over time. Although the use of Operating Partners and the allocation of compensation paid to them by the Advisers, their affiliates and/or the portfolio companies subjects the Advisers and/or their affiliates to potential conflicts of interest, the Advisers believe that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Operating Partner is lower than market rates for the services provided and/or if the services of the Operating Partner align with the Advisers' model for the portfolio company and improve portfolio company performance. Although the Advisers seek to retain Operating Partners with a view to increasing revenues or reducing costs to portfolio companies and, ultimately, the Funds and/or improving portfolio company performance, a number of factors may result in limited or no revenue increase or cost savings from such retention. The Advisers also seek to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a

manner that the Advisers believe will align such persons' interests with those of the Funds' limited partners and seek to retain only Operating Partners and service providers which they believe provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

An Adviser reserves the right from time to time to cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by the Advisers, or co-investors or co-investment vehicles. Such transactions may arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Certain of such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund.

These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Partnership Agreements or otherwise in the sole discretion of the Advisers, the Advisers reserve the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of the Advisers) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's LP Committee) to such transactions. In certain circumstances, the Advisers reserve the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions. The Advisers intend that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although the Advisers generally structure Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Blue Point affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such cases, the Advisers intend to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or a Blue Point affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or a Blue Point affiliate, whether or not related to the Fund in which such limited partners have invested.

The Management Company and/or its affiliates reserve the right from time to time to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by the Management Company and/or its affiliates; conversely, former personnel or executives of the Management Company and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Management Company, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or other service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Management Company and/or its affiliates, and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Adviser entities, whether or not relating to financing Adviser personnel obligations to fund General Partner commitment obligations) to Adviser personnel and their estate planning vehicles. An Adviser expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser or one or more other Funds. The Adviser expects to be subject to a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the Fund or its portfolio companies.

An Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates reserve the right to buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and employees reserve the right to buy securities in transactions offered to but rejected by a Fund. Any such transactions are subject to any restrictions in the Fund's Partnership Agreement and any related policies and procedures set forth in Blue Point's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of the Advisers have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's



limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than the Advisers deem suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Except to the extent prohibited by the Fund Documents, the Adviser and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Fund Documents and anti- "assignment" provisions of the Advisers Act, the Adviser and its personnel are also permitted to offer, restructure and monetize interests in the Management Company or other Adviser entities.

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

Since the Advisers are permitted to retain certain Supplemental Fees (as described under "Fees and Compensation") in connection with Fund investments, they expect to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Supplemental Fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company. Additionally, an Adviser, its personnel, affiliates or others designated by the Adviser expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the relevant Partnership Agreement are applied (typically based on the then-present value of such securities), the Adviser and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Adviser or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, an Adviser reserves the right to accrue, defer or forego payments of Supplemental Fees. In such cases, in accordance with the Fund Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

Blue Point and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Blue Point's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic procedural and other terms, many of which will not be subject to the "most-favored nation" provisions of a Fund's governing documents.

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

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Blue Point believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit

of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the governing documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses (e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund). Blue Point has instituted a program under which portfolio companies owned by the Funds are given the option to participate in purchasing, vendor or similar arrangements with the relevant Adviser, its affiliates and other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. Participants voluntarily participate in the program without cost. The Management Company and its affiliates also participate in the program and receive similar benefits and discounts as the portfolio companies participating therein. No such amounts will offset or reduce Management Fees. Blue Point believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the rates for goods and services are discounted relative to those widely available in the market.

Blue Point has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Blue Point has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest-cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. From time-to-time Blue Point, its affiliates and personnel and persons selected by them expect to receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than Blue Point and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, Blue Point believes that the potential for conflicts of interest relating to such discounts is mitigated. Blue Point, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. A portfolio company's practice of offering discounted prices or better terms have the potential to affect the returns of such portfolio company.

The relevant liability standards under insurance coverage procured by Blue Point are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the governing documents. Investors generally will be responsible for insurance premiums, as set forth in the governing documents, regardless of whether the liability and/or indemnity standards in Blue Point's insurance coverage are higher or lower than that set forth in the governing documents.

Any of these situations subjects the Advisers and/or their affiliates to potential conflicts of interest. The Advisers attempt to resolve such conflicts of interest in light of their obligations to

investors in the Funds and the obligations owed by the Advisers' advisory affiliates to investors in investment vehicles managed by them, and attempt to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner they believe to be fair and equitable. To the extent that an investment or relationship raises particular conflicts of interest, an Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, an Adviser consults and receives consent to conflicts from an LP Committee.

## **DISCIPLINARY INFORMATION**

The Management Company and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under "Advisory Business" above, the Management Company is affiliated with the following Advisers of Blue Point:

- BPCP Management II, L.P. (general partner of Blue Point Capital Partners II, L.P., Blue Point Capital Partners II (B), L.P. and Blue Point Capital Partners II Executive Fund, L.P.); and
- BPCP Management III, L.P. (general partner of Blue Point Capital Partners III, L.P., Blue Point Capital Partners III (A), L.P., Blue Point Capital Partners III (B), L.P. and Blue Point Capital Partners III Executive Fund, L.P.).
- BPCP Management IV, L.P. (general partner of Blue Point Capital Partners IV, L.P., Blue Point Capital Partners IV (A), L.P. and Blue Point Capital Partners IV Executive Fund, L.P.).
- BPCP Management V, L.P. (general partner of Blue Point Capital Partners V, L.P., Blue Point Capital Partners IV (A), L.P. and Blue Point Capital Partners V Executive Fund, L.P.)

The General Partners and the Advisers are subject to the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. These entities operate as a single advisory business and serve as managers or general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

The principals of Blue Point were previously affiliated with Key Equity Capital ("KEC"), the private equity investment group of KeyCorp, a publicly traded bank holding company based in Cleveland, prior to spinning out in 2000 to form Blue Point. Key Capital Corporation, an affiliate of KEC, is an investor in certain of the Funds. Blue Point utilizes KeyCorp to provide banking and custodial services for some of its entities.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Advisers have adopted the Blue Point Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of the Advisers’ principals and employees and addresses conflicts that arise from personal trading. The Code requires the Advisers’ personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to Blue Point’s Chief Compliance Officer at (216) 535-4711. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client-eligible investments.

The Advisers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers. Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Blue Point personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Advisers and their affiliates generally are expected to directly or indirectly own an interest in one or more Funds. The Funds reserve the right to invest together with other Funds advised by an affiliated adviser of the Management Company in the manner set forth in the applicable Partnership Agreement and the Advisers’ Investment Allocation/Co-Investment Policy. The Advisers will determine allocation of investment opportunities, including participation in any co-invest vehicles, in a manner that they believe is fair and equitable to their clients consistent with the Advisers’ fiduciary obligations and consistent with the applicable Partnership Agreements.

From time to time, the Advisers expect to provide certain investors or other persons the opportunity to co-invest directly or via a co-invest vehicle that will invest in one or more portfolio companies alongside a Fund. Such co-investments typically invest and dispose of their interests in

the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, in certain instances, a co-investor or co-invest vehicle will purchase a portion of an investment from a Fund. This sell-down by a Fund to a co-investor or co-invest vehicle typically occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. The Advisers are authorized in their sole discretion to charge interest on a co-invest sell-down. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

The Advisers and their affiliates, principals and employees expect from time to time to carry on investment activities for their own accounts, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in the Funds, as well as give advice and recommend securities to other accounts or certain Funds or vehicles which may differ from advice given to, or securities recommended or bought for, other Funds or vehicles, even though their investment objectives may be the same or similar. The Partnership Agreements and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

From time to time, the General Partner reserves the right to advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the governing documents. Similarly, the Advisers or an affiliate from time to time are expected to sign non-disclosure agreements or other deal documentation in view of future participation by one or more Fund(s), although this typically is done as a courtesy and without compensation from a Fund.

In borrowing on behalf of a Fund, the General Partner is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will

be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Subject to the terms set forth in the Partnership Agreements, the Advisers or their affiliates generally reserve the right to recommend the purchase or sale of securities for Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates (“**affiliated persons**”), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also could include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions will require the consent of the applicable Fund or applicable LP Committee.

## **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers reserve the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions on behalf of a Fund, to the extent they do so, they intend to follow the brokerage practices described below.

If the Advisers purchase or sell publicly traded securities for a Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers reserve the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information. As a result, although the Advisers generally will seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for the Funds are completed independently, the Advisers also reserve the right to purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Advisers expect, but are not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Advisers is favored over any other Fund. When an aggregated order

is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided the Advisers believe they are fair and equitable to their clients under the circumstances over time.

In the Advisers' private company securities transactions on behalf of the Funds, the Advisers reserve the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, the Advisers reserves the right to consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Advisers generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisers closely monitor companies in which the Funds invest, and the Blue Point Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

The Funds generally will provide to their limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns and (iv) descriptive investment information (including reports of acquisitions and dispositions) for each portfolio company quarterly.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

The Advisers and/or their affiliates intend to provide certain business or consulting services to companies in the Funds' portfolio and expect to receive compensation from these companies in connection with such services. To the extent Blue Point employees provide these services, such compensation (if any) would offset a portion of the Management Fees paid by such Fund, as and to the extent described in the relevant Fund's Partnership Agreement. Operating Partners, on the other hand, provide these services, and the fees, expenses or other costs associated therewith are in addition to Management Fees. See "Fees and Compensation."

The Advisers or their affiliates reserve the right from time to time to enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential



investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be paid by the applicable Fund but borne by the relevant Adviser indirectly through an offset against the Management Fee under the Partnership Agreement, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

## **CUSTODY**

The Advisers generally expect that they will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “**Custody Rule**”)) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and maintain custody of the assets of Funds II and III held in such Funds’ names with KeyBank National Association, a qualified custodian located at 127 Public Square, Cleveland, OH 44114. The Advisers maintain custody of the assets of Fund IV and V held in such Funds’ names with Silicon Valley Bank, a division of First-Citizens Bank & Trust Company, a qualified custodian located at 3003 Tasman Drive, Santa Clara, CA 95054.

## **INVESTMENT DISCRETION**

The Advisers have discretionary authority to manage investments on behalf of the applicable Fund. As a general policy, the Advisers do not allow limited partners to place limitations on this authority, provided that the Partnership Agreement of a Fund may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the Partnership Agreement, however, an Adviser and/or its affiliates have entered, and expect to enter, into Side Letter with certain limited partners whereby the terms applicable to such limited partner’s investment in the Fund (including economic or other terms) are altered or varied. The Advisers assume this discretionary authority pursuant to the terms of the Partnership Agreement, the investment management agreement between each Fund, the applicable General Partner and the Management Company and powers of attorney executed by the limited partners of such Fund.

## **VOTING CLIENT SECURITIES**

The Advisers have adopted Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for the Funds’ portfolio investments. The majority of “proxies” received by the Advisers will be written shareholder consents (or similar instruments) for private companies, although the Advisers may also receive traditional proxies from public companies from time to time. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Funds’ investors, for example, through the Principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of an LP Committee, on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards by Blue Point personnel or the Advisers’ receipt of management or other fees

from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Funds. Clients or investors that would like a copy of the Blue Point's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, may contact Blue Point's Chief Compliance Officer at (216) 535-4711, and it will be provided at no charge.

### **FINANCIAL INFORMATION**

The Management Company does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.