

## Item I. Cover Page

# TENEX CAPITAL MANAGEMENT, L.P.

COMBINED FIRM BROCHURE (PART 2A OF FORM ADV)  
AND BROCHURE SUPPLEMENT (PART 2B OF FORM ADV)

This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Tenex Capital Management, L.P. and its related investment advisers doing business as Tenex Capital Management (“**Manager**” or “**Tenex**”). If you have any questions about the contents of this Brochure, please contact Ben Kramer at (212) 457-1139 and/or [bkramer@tenexcm.com](mailto:bkramer@tenexcm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

March 29, 2024



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## **Item II. Material Changes**

This brochure, dated March 29, 2024, has been amended since its most recent filing March 31, 2023, to include revisions to:

- Item 4 to reflect updates to Tenex Capital Management, L.P.'s advisory business;
- Item 5 to reflect updates regarding fees and compensation;
- Item 8 to update the investment risks applicable to various funds; and
- Item 12 to reflect updates regarding brokerage practices.

In addition, Tenex Capital Management, L.P. routinely makes updates throughout the brochure to improve and clarify the description of its business practices and its compliance policies and procedures.

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## Item IV. Advisory Business

Tenex Capital Management, L.P. (the “**Manager**” or “**Tenex**”) is based in New York City and was formed in 2009 to manage private equity funds. Currently, Tenex only manages privately held funds (all collectively referred to as the “**Funds**”). Tenex continues the successful strategy developed by TenX Capital Partners, LLC (“**TenX**”), the Manager’s predecessor, of investing in underperforming middle-market companies and driving investment performance through operational improvements. The Principals (as defined below) seek to leverage their significant experience in operational restructuring, capital markets, and investment management to take control of companies operating below historical or industry standards and return them to market average performance relative to industry metrics. TenX was founded in 1999 as a turnaround investment management firm and partnered with investors. The Tenex<sup>1</sup> team is now considered a recognized, independent investment firm focused on making equity investments of between \$25 million to \$100 million in middle-market companies (typically under \$1 billion in revenue) in the United States and Canada.

Tenex seeks to utilize the operating capabilities of its team to identify underperforming companies it believes have profitable operations, assets, or other sources of value and where changes can likely be quickly effected. Such companies have often grown beyond their ability to operate profitably or have not adapted to meet market challenges. Tenex seeks to re-establish liquidity quickly, allowing time to restructure by adjusting capacity to meet demand for its products or services. Tenex seeks to limit investment risk and create upside opportunities by targeting companies with few, if any, competing bidders and that can be acquired at values that reflect operational uncertainty and market illiquidity. As experienced business operators, members of the Tenex team may take on operating roles within each Fund’s portfolio companies until operations and finances can be stabilized.

Michael Green is Tenex’s principal owner. Varun Bedi, Joe Cottone and Michael Green (collectively, the “**Principals**”) have worked together for approximately fifteen years. Each of the three Principals began their career at leading organizations. Michael Green spent 12 years as a member of the highly reputed leadership team at General Electric (“**GE**”) where he obtained comprehensive operations and finance training and participated in multiple operational restructuring exercises within multiple industries. The other Principals, Varun Bedi and Joe Cottone, complement the Tenex team with a disciplined strategic perspective developed while working at McKinsey & Company. These common career experiences shape an underlying approach and work ethic, which drive Tenex’s performance and cash-focused operational management style and distinct culture of teamwork. The Principals’ experience in restructuring operations comes from positions with direct-line accountability and adds depth and practical perspective to Tenex’s investment and portfolio management decisions that go well beyond board oversight. Tenex believes its diverse skill base, derived from its capital markets, investment management and operations experiences, forms the foundation for an approach and investment style that Tenex believes is truly differentiated among financial sponsors.

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<sup>1</sup> As used herein, the term “Tenex” refers to the Manager, TenX, and/or the Principals, as appropriate.

As of December 31, 2023, Tenex has a total of seven Managing Directors (including the three Principals). The seven Managing Directors, six of which make up the Funds' Investment Committee, are supported by twenty additional dedicated investment, operations, finance, and administrative professionals (collectively, the "**Tenex Team**").

In addition to its personnel, Tenex utilizes and retains (at the portfolio company or Fund level) an experienced group of advisors from a broad range of industry sectors ("**Operating Advisors**") that Tenex believes gives it a significant competitive advantage. See Item V. Fees and Compensation below for more information regarding Operating Advisors.

As of December 31, 2023 Tenex has approximately \$2.9 billion of regulatory assets under management across all Funds. Tenex provides investment advisory services to seven private funds: Tenex Capital Partners SG L.P. and Tenex Capital Partners, L.P. (together, "**Fund I**"), Tenex Capital Partners II, L.P. ("**Fund II**") and Tenex Capital Partners III, L.P. ("**Fund III**"), and three Tenex-managed co-investment vehicles formed for the purpose of investing alongside Fund III in certain portfolio company investments: NMPERA White Sands Tenex Co-Invest, L.P., BDN Investors Co-Invest, LP and Oliver Investors Co-Invest LP (together, the "**Co-Investment Vehicles**," and together with Fund I, Fund II and Fund III, the "**Funds**" and each individually a "**Fund**"). Each Fund is a limited partnership controlled by a general partner (each a "**General Partner**"). Each Fund and General Partner have entered into an investment management agreement with Tenex.

Investment advice to each of the Funds is provided on a discretionary basis and based upon the investment criteria set forth in each Fund's limited partnership agreement, private placement memorandum and/or investment management agreement with Tenex (collectively, "**Operating Documents**"). Tenex does not tailor the investment decisions of the Funds to individual (the "**Limited Partners**") in such Funds (except with respect to the Co-Investment Vehicles), and investors generally will not be able to impose restrictions on the Funds' investments in certain securities or types of securities. Please see the relevant Fund's Operating Documents for additional details on the terms of an investment in that Fund. Capitalized words not defined herein have the meaning in the applicable Fund's Operating Documents.

Ben Kramer, available at (212) 457-1139 is the Chief Compliance Officer of Tenex and is responsible for the compliance supervision of the Manager's Managing Directors and staff. As Chief Compliance Officer, he administers the compliance policies and procedures for Tenex.

## Item V. Fees and Compensation

### Management Fees

Under the Fund I Operating Documents, Fund I, a 2011 vintage fund, paid the Manager an annual Management Fee, as defined in all Funds' governing documents ("**Management Fee**"), beginning as of the Initial Closing and continuing throughout the term of the Fund. The Management Fee was payable in quarterly installments in advance commencing on the Initial Closing of Fund I and continuing on each January 1, April 1, July 1 and October 1 thereafter. Any payment for a period of less than three months was adjusted on a *pro rata* basis according to the actual number of days during the period and deducted from each Fund's account. The annual Management Fee was 2% of the committed capital until the end of the investment period. After the investment period, the Management Fee was adjusted down by a rate applied to the committed capital. The rate after the investment period was adjusted down to 1.5% for the 1<sup>st</sup> year and then adjusted further down by 0.15% every year until it reached 1%. At termination of the Fund, unearned fees for a period of less than three months shall be adjusted and refunded, as the case may be on a pro-rated basis. The Management Fee did not include brokerage costs (see Item XII), custodial fees, accounting charges and other expenses (as more fully described in Fund I's Operating Documents) or amounts spent by Fund I or its portfolio companies in connection with Operating Advisors. As of November 20, 2022, Fund I is no longer paying a Management Fee to the Manager.

For Fund II, a 2016 vintage fund, through the earlier of (i) the end of the Investment Period and (ii) the date on which a successor fund to Fund II began to accrue Management Fees, the Manager received an annual management fee equal to 2% of capital commitments ("**Capital Commitments**"), payable quarterly in advance. Thereafter, the annual Management Fee was 1.75% of the cost basis of investments outstanding. The Management Fee is subject to reduction with respect to (i) "Placement Fees" paid by the Fund, (ii) "Excess Organizational Expenses" incurred and (iii) "Fee Income" received, all as described below. The Management Fee is also subject to adjustment to effect a portion of the General Partner's participation in the Fund's investment program. The Management Fee is separate from, and in addition to, amounts spent or expenses incurred by Fund II or its portfolio companies in connection with Operating Advisors. The Fund II Investment Period ended in 2022.

For Fund III, a 2020 vintage fund, through the earlier of the end of (i) the Investment Period and (ii) the date on which a successor fund to Fund III begins to accrue management fees, the Manager will receive an annual Management Fee equal to 2% of Capital Commitments, payable quarterly in advance. Thereafter, the annual Management Fee will be 1.75% of the cost basis of investments outstanding. The Management Fee is subject to reduction with respect to (i) "Placement Fees" paid by the Fund, (ii) "Excess Organizational Expenses" incurred and (iii) "Fee Income" received, all as described below. The Management Fee is also subject to adjustment to effect a portion of the General Partner's participation in the Fund's investment program. The Management Fee is separate from, and in addition to, amounts spent by Fund III or its portfolio companies in connection with Operating Advisors.

The Co-Investment Vehicles do not pay a Management Fee to the Manager.

### Carried Interest

Certain affiliates of the Manager serve as the general partner of each of the Funds (each a “**General Partner**”). The General Partner of each Fund is principally owned and controlled by Mike Green, who is also principal owner of the Manager. Each General Partner receives profit sharing, through an allocation of “carry” in the transactions that are sold at a profit. Only after the Limited Partners in a Fund are returned their initial capital invested with respect to investments that are disposed of or written down, the amounts appointed to that investment for Organizational and Fund expenses, plus an 8% annual preferred return on such investments, will the General Partner begin to share in net profits from such investments. This profit share of up to 20% is a “**Carried Interest**.”

The General Partner of each Fund is generally subject to a “clawback” of Carried Interest previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable or anticipated to be distributed to the General Partner by each Fund as Carried Interest, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will the General Partner of a Fund be required to restore more than the cumulative distributions received by such General Partner as Carried Interest, determined on an after-tax basis.

The Co-Investment Vehicles do not pay Carried Interest to the Manager.

### Organizational Expenses

Each Fund, including the Co-Investment Vehicles, bears its own organizational costs and expenses (“**Organizational Expenses**”).

Each Fund bears all legal and other expenses incurred in its formation and the offering of interests in the Fund (the “**Interests**”) (including Placement Fees), up to an amount not to exceed the amount prescribed in the Fund’s governing documents. Organizational Expenses in excess of that amount (“**Excess Organizational Expenses**”), together with any Placement Fees, are paid by the Fund but ultimately borne by the Manager through a 100% offset against the Management Fee.

### “Fund Expenses” Borne by the Funds

For Fund I and Fund II, the Manager will pay all normal operating expenses incidental to the provision of the day-to-day administrative services to such Fund, including its own overhead, but not including the cost of Operating Advisors. To the extent practicable, third-party costs will be charged to each Fund’s portfolio companies. Fund I and Fund II bear all costs, expenses and liabilities in connection with their respective operations, including but not limited to: fees, costs and expenses related to the purchase, holding and sale of portfolio investments (to the extent not reimbursed); expenses incurred in connection with transactions not consummated; insurance premiums; taxes; fees and expenses of accountants, counsel and consultants (including Operating Advisors engaged by Fund I and Fund II and/or their respective portfolio companies); costs and expenses of a Fund’s advisory committee (the “**Advisory Committee**”) and the annual meeting; litigation expenses; and extraordinary expenses.

For Fund III, the Manager will pay all normal operating expenses incidental to the provision of the day-to-day administrative services to Fund III, including its own overhead, but not including the cost of Operating Advisors. To the extent practicable, third-party costs will be charged to Fund III portfolio companies. Fund III will bear all costs, expenses and liabilities in connection with its operations, including but not limited to those relating to: (i) fees, costs and expenses related to the purchase, holding and sale of portfolio investments (to the extent not reimbursed), including expenses incurred in connection with transactions not consummated; (ii) fees and expenses related to indebtedness on behalf of the Fund; (iii) financing, origination and similar fees and expenses; (iv) broker, dealer, investment banker and similar services; (v) brokerage and similar expenses; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with the Fund's third-party administrator) and advisory and consulting (including advisory, consulting and retainer fees and other cash and non-cash compensation paid or granted to Operating Advisors engaged by Fund III or its portfolio companies) fees and expenses; (vii) reverse breakup, termination and other similar fees; (viii) insurance premiums; (ix) filing and title expenses; (x) printing, communications, marketing and publicity; (xi) financial statement and other reporting expenses; (xii) web portal and cybersecurity; (xiii) expenses incurred in protecting confidential information; (xiv) expenses of the Advisory Committee; (xv) indemnification obligations; (xvi) expenses relating to actual, threatened or otherwise anticipated litigation; (xvii) Annual Meeting expenses; (xviii) Management Fees; (xix) expenses relating to feeder funds into Fund III; (xx) the winding up of Fund III; (xxi) limited partner defaults; (xxii) amendments to the Operating Documents; (xxiii) certain compliance costs; (xxiv) costs of establishing and operating a Dedicated Operations Company and the compensation and expense reimbursements paid to a Dedicated Operations Company, including an allocable share of the Manager's expenses as determined by the Fund III General Partner in good faith to be associated with the Dedicated Operations Company; (xxv) unreimbursed expenses relating to the transfer of interests in Fund III; (xxvi) taxes, fees and other governmental charges and all expenses relating to a tax audit; (xxvii) extraordinary costs and expenses; (xxviii) expenses relating to forming special purpose vehicles through which Fund III investments are made; (xxix) travel, meals and lodging costs and expenses incurred in connection with investments; (xxx) Organization Expenses; (xxxi) Placement Fees; and (xxxii) costs approved by the Advisory Committee.

**The above is only a high-level summary of key expenses that are borne by the Funds and is in all cases qualified by the Operating Documents of the relevant Funds.**

#### Other Fees

The Manager or its affiliates also expect to receive monitoring, transaction, consulting, directors and other fees in connection with the activities of the Funds (collectively, "**Fee Income**"), generally paid by the Funds' portfolio companies and which generally offsets Management Fees paid by the relevant Fund.

For Fund I, Fund II and Fund III, Fee Income is generally defined as 100% of transaction fees, monitoring fees, directors' fees, consulting fees, advisory fees, break-up fees and other similar fees received by the Manager or any of its personnel in connection with the consummation, holding or disposition of a portfolio investment or unconsummated investments (net of any unreimbursed transaction expenses, including unconsummated transaction expenses incurred by



the Manager or its affiliates). Fee Income will be applied to reduce the Management Fee otherwise payable. Each Fund will be allocated its pro rata share of the benefit of such Fee Income based on the capital committed by such Fund and any related co-investing entities to the relevant investment. Management Fee reductions will be carried forward if applicable.

To the extent that a Co-Investment Vehicle or any other Fund, entity or individual co-invests alongside a Fund in any portfolio investment, such Fund will only be allocated its *pro rata* share of any Fund Income (based on the cost of the investment or potential investment in the portfolio company held (or committed to be held) by such Fund and the co-investors). Accordingly, such Fund will generally only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Fee Income, to the extent such Fund pays a management fee.

### Reimbursements

The Manager and its affiliates generally will be reimbursed by the Funds' portfolio companies for all expenses incurred in connection with the performance of services provided to the respective Fund or portfolio company. Reimbursements received by the Manager or an affiliate (including its personnel, members, partners, or Operating Advisors) do not offset or reduce Management Fees payable by the respective Fund.

Investors in the Funds receive an annual summary of all expense reimbursements made by the relevant Fund's portfolio companies to the Manager and its affiliates, as well as expense reimbursements made to the Operating Advisors.

## **Item VI. Performance-Based Fees**

Tenex generally charges the performance-based fees described above as Carried Interest.

Tenex's performance-based fees depend on continuing increases in the Funds' profitability. This creates an incentive for Tenex to allocate the Funds' assets in a manner that is riskier or more speculative than would otherwise be the case. Tenex has detailed policies and procedures in place to ensure that all Funds and Limited Partners are treated fairly and equally regardless of their Carried Interest structure, and to prevent this conflict from influencing the allocation of investment opportunities among Funds.

## **Item VII. Types of Clients**

The Manager's clients are the Funds. Investors in the Funds are expected to include pension plans, funds of funds, corporate investors, insurance companies, high net worth individuals, family offices and charitable endowment accounts. Subject to waiver in the GP's sole discretion, the minimum Capital Commitment for Fund I, Fund II and Fund III is \$10,000,000. The minimum Capital Commitment for each Co-Investment Vehicle is bespoke per Vehicle.

Each Fund is offered only by its Offering Documents to a limited number of sophisticated investors who meet the relevant investor eligibility requirements.

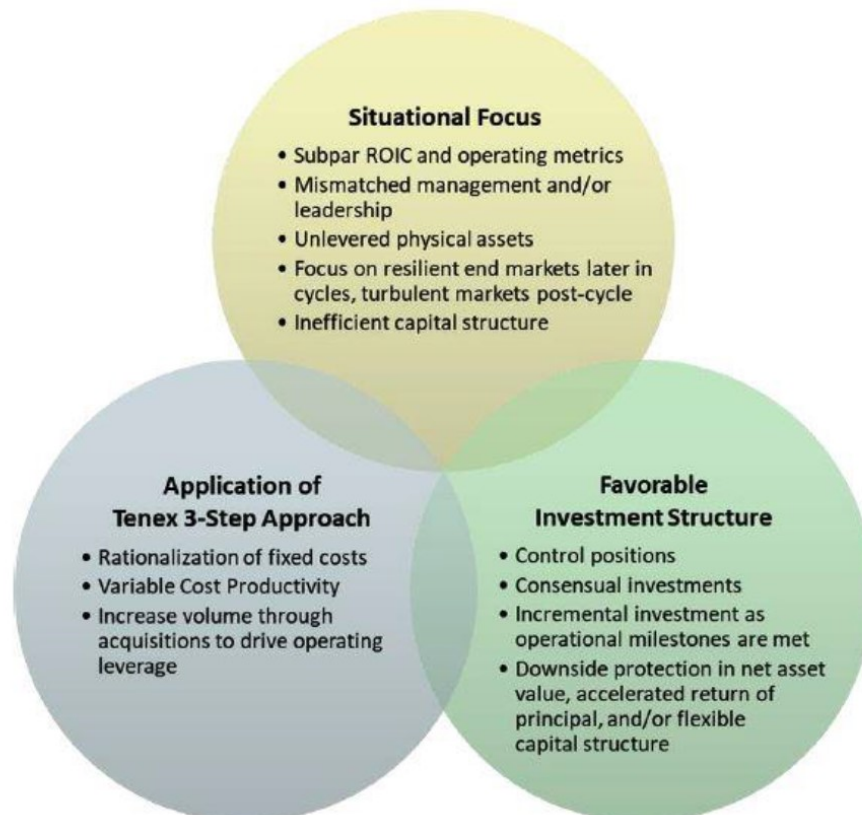
## Item VIII. Methods of Analysis, Investment Strategies and Risk of Loss

### A. Investment Strategy

#### *Raising Operationally Challenged Companies to Market Average*

Tenex has a disciplined approach to restructuring and improving operationally underperforming companies. These companies, by their nature, could present a myriad complex characteristics: they span different industries, are at different stages of development, and are experiencing different challenges. As illustrated in the chart below, however, Tenex seeks to apply three primary considerations to all relevant investment opportunities: what is the company's *Situational Focus*, or cause(s) of operational underperformance or challenges; is it a *Controllable Opportunity*; and can the investment strategy be made using a *Favorable Investment Structure*. Investments will be made by the Funds either through special purpose vehicles that act as holding companies or directly into the target companies themselves. The use of special purpose vehicles is deal specific and will be determined by each situation's tax posture, liabilities, corporate governance and other regulatory requirements.

**Chart 2. Focused Investment Model**



### *Situational Focus*

The Manager's general strategy is to target companies that are performing below their peers due to something operational in nature, and then drive those companies to market average performance. The Manager believes it has a disciplined and conservative approach to investing in companies that are operationally underperforming their peers by up to approximately one standard deviation. These companies are better-performing than the worst group of companies represented by the left portion of a bell curve, which the Manager believes do not have a reason to exist and likely merit liquidation as their assets will never be able to earn a return greater than their cost of capital.

### *The Tenex Approach: A Repeatable 3-Step Approach to Add Value*

The Tenex Team is comprised of hybrid operations and investment professionals who specialize in taking established, operationally underperforming companies and bringing them back to market-average performance. Instead of relying on outsized revenue growth to drive investment returns, the Tenex Team has become adept at identifying sources of cash and cash-generating operations, assets, contracts, concessions, distribution channels, and other sources of value within underperforming companies. They then seek to devise and execute new business plans for realizing the value inherent in these assets through increased operating leverage and subsequently monetizing those assets through a variety of exit strategies. The Tenex Team's operating expertise is essential to each stage of this process.

### *Favorable Investment Structure*

The Manager seeks to stage its equity investments to de-risk transactions whenever possible. It seeks to generally avoid what it believes to be the highest-risk initial phase of an investment opportunity's lifecycle: when the risk of capital loss (and the potential reward) is greatest due to an unclear path to profitability, stakeholder behavior uncertainty, or market volatility. The Manager typically seeks to exit before growth becomes the only path to investment returns, which frequently requires more investment with less predictability. Instead, the Manager focuses its activities on the middle ground, where it believes its ability to implement its operational restructuring and performance improvement activities leads to less volatile, more predictable returns.

Each Fund's investments are made primarily through direct acquisition of assets or equity, as we believe control positions are essential to creating and implementing new, and often counterintuitive, operational plans in a rapid timeframe. Although not a core strategy, Funds may occasionally make investments in debt or other claims, provided there is a clear and unobstructed path into control positions or as a complement to an accompanying control equity position (for example, a mezzanine investment). The Manager does not seek to maximize leverage, taking into consideration that the typical target is operationally underperforming, and designs the capital structure to facilitate flexibility with lenders who understand the Manager's approach and trust the Manager with lenient covenants.

## **B. Risk of Loss**

An investment in any of the Funds involves a significant degree of risk, relating both to the types of investments contemplated by the Funds and the Funds' ability to achieve their respective investment objectives. There can be no assurance that the Funds' investment objectives will be achieved or that a Limited Partner will receive any return of capital. A Limited Partner should have the ability to sustain the loss of its entire investment in the Funds.

Examples of some of the risks associated with an investment in the Funds include:

### *Highly Illiquid, Long-Term Nature of Investment*

An investment in a Fund requires a long-term commitment, with no certainty of return. Each Fund's investments will be highly illiquid, and there can be no assurance that a Fund will be able to realize its investments in a timely manner. Dispositions of such investments may result in distributions in kind to the Partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by the Fund's limited partners. The Funds typically will acquire securities that cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or in a private placement or other transaction exempt from registration under the Securities Act and that complies with applicable non-U.S. securities laws.

### *Lack of Operating History; Future and Past Performance*

Although members of the Tenex Team have extensive experience investing in the private equity market, each Fund and its respective General Partner were, at the time of the Fund's launch, newly-formed entities with no operating history upon which to evaluate such Fund's likely performance. A Fund's past performance is no guarantee of the performance of any future Fund.

### *High Risk Investments*

The securities in which a Fund will invest generally will be the most junior in what could be a complex capital structure, and thus be subject to the greatest risk of loss. A Fund's investments may include one or more investments in unprofitable businesses undergoing significant distress, which may suffer from poor management, high levels of debt, a high ratio of fixed charges to available income and/or other challenges. Since each Fund may only make a limited number of investments, and since each Fund's investments generally will involve a high degree of risk, poor performance by a few of a Fund's investments would likely severely affect the total returns to limited partners in that Fund. There can be no assurance that the Funds will be able to generate returns for the Limited Partners or that returns will be commensurate with the risks of the investments within the Funds' investment objectives.

### *Dependence on Key Personnel*

The success of the Funds depends in substantial part on the skill and expertise of the personnel named in the relevant Funds' Operating Documents as Key Persons (the "**Key Persons**") and other personnel of the Manager. There can be no assurance that the Key Persons or other personnel of the Manager will continue to be employed by the Manager throughout the life of the

Fund. The loss of key personnel could have a material adverse effect on the Funds. In addition, the Key Persons may in the future manage other investment funds besides the relevant Fund and the Key Persons may need to devote time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Key Persons.

#### *No Right to Control a Fund's Operations*

Limited Partners will have no opportunity to make decisions with respect to the management, disposition or other realization of any investment, the day-to-day operations of the Funds or any other decisions regarding the Funds' business and affairs, except for limited circumstances set forth in the Operating Documents.

#### *General Economic Conditions; Market Downturn*

Deterioration of the global credit markets could make it more difficult for the Manager, the Funds, and/or Fund portfolio investments to obtain necessary financing for their investments or operations. The Funds' ability to make investments and to generate attractive investment returns may be adversely affected to the extent the Funds are unable to obtain favorable financing terms for their portfolio investments. There can be no assurances that conditions in the U.S. economy and financial markets will not worsen. A worsening of general economic and market conditions would likely affect the level and volatility of securities or investments prices and the liquidity of the Funds' investments, which could impair their overall profitability, result in losses and negatively impact the investment returns of the Limited Partners Funds. A recession, slowdown or sustained downturn in the United States or the global economy or a weakening of credit markets (including a perceived increase in counterparty default risk) would have a pronounced impact on the Funds and their portfolio investments and could adversely affect the Funds' profitability and the Manager's ability to execute on its business plans, satisfy existing obligations, make and realize investments successfully, originate or refinance credit or draw on existing financings and Capital Commitments (including commitments from Partners). These factors together with the high levels of private and public debt that continue to persist within the global banking system leading the Manager to believe that the global economy remains fragile and susceptible to significant potential price dislocations caused by political and macroeconomic shocks, including those caused by the end of quantitative easing programs, the return of inflation and attendant rising interest rates (see below). Further changes in stock prices, interest rates, currency exchange rates, or commodity prices could result in changes in the broader marketplace that adversely affect the value of investments traded on relatively volatile exchanges.

#### *Interest Rate Risk/Rate Hiking Cycle*

General interest rate fluctuations may have a substantial negative impact on the Funds' investments and investment opportunities and accordingly may have a material adverse effect on the Funds' investment objectives and the rate of return on invested capital. In addition, an increase in interest rates could make it more expensive to utilize leverage in making investments.

The Funds may employ hedging techniques designed to reduce the risk of adverse interest rate, currency, credit or security movements on investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the

position being hedged creates the possibility that losses on the hedge may be greater, or gains smaller, than losses or gains, as the case may be, in the value of the underlying position. While a Fund may benefit from the use of hedging mechanisms, unanticipated changes in interest rates, currency exchange rates, credit defaults or securities prices may result in a poorer overall performance for a Fund than if it had not entered into such hedging transactions. Additionally, such hedging transactions will add to the cost of the investment, may require ongoing cash payments to counterparties, subject the Funds to the risk that the counterparty defaults on its obligations, and may produce different tax consequences to a Fund's limited partners than would apply if such Fund had not entered into such hedging transactions. In some cases, particularly in over-the-counter contexts, hedging arrangements will subject a Fund to the risk of counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian, or intermediary in connection with such hedging. Over-the-counter contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the relevant General Partner and/or one of its affiliates an obligation to register with the Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

### *Inflation*

Inflation has the potential to affect the Funds and their portfolio investments adversely in a number of ways. During periods of rising inflation, interest rates of any credit lines or borrowing undertaken by a Fund or portfolio company increase, which would almost certainly reduce returns to limited partners in the Funds. Inflationary expectations or periods of rising inflation are generally also accompanied by the rising prices of commodities which are critical to the operation of certain portfolio companies. During periods of high inflation, capital could flee to other asset classes, which could adversely affect the prices at which a Fund is able to sell its investments. Portfolio companies in certain industries have fixed income streams and, therefore, could become unable to pay the interest associated with its borrowings. The market value of such portfolio investments can decline in value in times of higher inflation rates.

### *Pandemic and 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 resulted in historic market disruptions, 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.

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 Tenex 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.

#### *Environmental, Social, and Governance (“ESG”) Matters*

Tenex maintains an ESG Policy seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. Depending on the investment, ESG factors could have a material effect on the return and risk profile of the investment. The act of selecting and evaluating material ESG factors is subjective by nature, and Tenex expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that the criteria utilized by Tenex, or any judgment exercised by Tenex, the relevant General Partner, or a third-party ESG advisor will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, Tenex's ESG Policy and associated ESG practices are expected to evolve over time. Although Tenex views the consideration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Tenex cannot guarantee that its ESG program, which depends in part on qualitative judgements, will positively impact the performance of any individual investment or Fund. Similarly, to the extent a Fund's General Partner or a third-party ESG advisor engages with portfolio investments on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the performance of the investment. Successful engagement efforts on the part of a Fund's General Partner or a third-party ESG advisor will depend on such General Partner's or any relevant third-party advisor's ability to engage with the relevant investment and skill in properly identifying and analyzing material ESG and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful.

The materiality of ESG factors on an individual asset or issuer and on a portfolio as a whole depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues, and considerations do not apply in every instance or with respect to each investment held, or proposed to be made, by a Fund, and will vary greatly based on numerous criteria, including, but not limited to, location, industry, investment strategy, and issuer-specific and investment-specific characteristics. In addition, in evaluating a prospective investment, Tenex expects 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 Tenex to incorrectly identify, prioritize, assess or analyze a company's ESG practices and/or related risks and opportunities. Tenex does not intend independently to verify all ESG information reported by investments or third parties, and may decide in its discretion not to utilize, report on, or consider certain information provided by such investments. Any ESG reporting will be provided in the relevant General Partner's sole discretion.

There is no guarantee that Tenex will remain a signatory, supporter or member of such initiatives or other similar industry frameworks.

In addition, Tenex's ESG Policy and associated procedures and practices are expected to change over time. Tenex in certain circumstances is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for a Fund's General Partner to adhere to all elements of a Fund's investment strategy, including with respect to ESG risk and opportunity management, whether with respect to one or more individual investments or to a Fund's portfolio generally.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by asset managers. Tenex's 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 how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions. The definition, measurement and disclosure of ESG factors. Tenex and its ESG Policy and associated ESG practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and Tenex cannot guarantee that its current approach including the ESG Policy and associated ESG practices will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs. For example, Tenex's ESG Policy does not represent a universally recognized standard for assessing ESG considerations. Any ESG-related initiatives to which Tenex is or becomes a signatory, member, or supporter may not align with the approach used by other asset managers (or preferred by prospective investor) or with future market trends.



### *ESG-Related Legal Developments*

There is growing regulatory interest across jurisdictions, particularly in the United States, United Kingdom, and European Union (“EU”) (which may be looked to as models in growth markets), in improving transparency around how asset managers identify and manage financially material ESG risks as well as how they define and measure ESG performance, in order to allow limited partners to validate and better understand sustainability claims. For example, on May 25, 2022, the U.S. Securities and Exchange Commission (the “SEC”) proposed amendments to rules and reporting forms concerning ESG factors, which rules are not in final form and therefore cannot be determined as to how they may affect a Fund. In addition, on August 23, 2023, the SEC adopted its final rule enhancing the regulation of private fund advisers, which includes requirements with respect to the disclosure of certain information to limited partners that potentially could, in certain circumstances, affect the way certain ESG-related information is shared. There may also be an increase in related enforcement through efforts such as those of the SEC’s Climate and ESG Enforcement Task Force, established in March 2021. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted “anti-ESG” policies, legislation or initiatives or issued related legal opinions. Additionally, asset managers have been subject to recent scrutiny related to ESG-focused industry working groups, initiatives, and associations, including organizations advancing action to address climate change or climate-related risk. Further, some conservative groups and Republican state attorneys general have asserted that the Supreme Court’s decision striking down race-based affirmative action in higher education in June 2023 should be analogized to private employment matters and private contract matters. Several new cases alleging discrimination based on similar arguments have been filed since the decision, which has escalated scrutiny of certain practices and initiatives related to diversity, equity, and inclusion (“DEI”). Such anti-ESG and anti-DEI-related policies, legislation, initiatives, litigation, legal opinions and scrutiny could expose Tenex to the risk of antitrust investigations or challenges and enforcement by state or federal authorities, result in penalties and reputational harm and require certain limited partners to divest or discourage certain limited partners from investing in the Funds. Tenex’s ESG program, DEI initiatives, and a Fund’s General Partner could become subject to additional regulation, regulatory scrutiny, penalties, or enforcement in the future, and Tenex cannot guarantee that its current approach (including the ESG Policy) or the Funds’ investments will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements may lead to increased management burdens and costs.

### *International Conflicts*

Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and Ukraine, have caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place sanctions and other severe restrictions or prohibitions on certain of the countries involved, as well as related individuals and businesses. However, the ultimate impact of these conflicts and their effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. 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. Developing and further governmental actions (military or otherwise) 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 any Fund intends to pursue, all of which could adversely affect such Fund's ability to fulfill its investment objectives.

#### *Follow-On Investments*

Following its initial investment in a given portfolio company, Tenex is permitted to decide to provide additional funds to such portfolio company or consider 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 (including in connection with an inorganic add-on acquisition strategy). There can be no assurance a Fund will wish to make follow-on investments or that it will have sufficient resources to, or be permitted to, make all or any of such follow-on investments. Any decision by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish such Fund's ability to influence the portfolio company's future development, which could have a negative impact on such Fund's economic performance. Additionally, a failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company (in the event alternative capital is secured by the portfolio company to satisfy such additional funding needs). Additionally, co-investors that participated in an initial investment may choose not to participate in a follow-on investment, which may increase a Fund's exposure to such investment.

#### *Recycling; Reinvestment*

Subject to certain limitations in the Operating Documents, a Fund's General Partner has the right to recall (or retain and reinvest) any capital invested in a realized portfolio company and any amounts distributed to the limited partners to the extent of funded Capital Commitments used to pay Fund expenses or Organizational Expenses. Accordingly, in such circumstances, a Limited Partner may be required to make aggregate contributions in excess of its Capital Commitment, and to the extent such recalled or retained amounts are reinvested, a Limited Partner will remain subject to investment and other risks associated with such investments. Delays in receiving distributions or realizing investments due to market or other conditions may result in a lack of available capital or recycling which could affect a Fund.

#### *Distributions in Kind*

Although, under normal circumstances, the Funds intend to make distributions in cash, it is possible that under certain circumstances (including the liquidation of a Fund), distributions may be made in kind and could consist of securities for which there is no readily available public market or securities of entities unable to meet required interest or sinking fund payments. Any

securities distributed on liquidation may be illiquid. The risk of loss and delay in liquidating securities will be borne by the Limited Partners. There can be no assurance that any Limited Partner will be able to dispose of distributed securities at the value determined by a Fund's General Partner. In addition, when assets, particularly private illiquid securities, are distributed to Limited Partners in-kind, such Limited Partners may become debt or minority equity holders in the issuer and may be unable to protect their interests effectively. Furthermore, the direct holding of certain investments may subject the holder to taxes in jurisdictions in which such investments are located.

#### *Exculpation; Indemnification; Return of Distributions*

Although the Operating Documents generally contain broad exculpation and indemnification, Tenex will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. These exculpation and indemnification provisions will limit the circumstances under which a Fund's General Partner, the Manager and others can be held liable to the Fund. As a result, the investors may have a more limited right of action in certain cases than they would in the absence of such a limitation. A Fund may be required to indemnify the Fund's General Partner, the Manager and other covered persons for liabilities incurred in connection with the Operating Documents and the Fund's activities, except under certain circumstances set forth in the Operating Documents. As a result of these considerations, the application of the foregoing standards can result in the Fund bearing significant financial losses even where such losses were caused by the negligence (even if heightened) of the Fund's covered persons.

Such liabilities may be material and may have an adverse effect on the returns to a Fund's limited partners. In addition, certain agents and service providers to a Fund, including the members of the Advisory Committee and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases on terms more favorable to them than those available to the Covered Persons generally). While a Fund may seek reimbursement in connection with any insurance policies that a Fund, a General Partner, Tenex or its personnel, agents and representatives carried, there is no guarantee that any such insurance carried by Tenex or a Fund will be available to satisfy losses for which such Fund may be required to provide indemnification and potential insurance claims will not delay the availability of the advances provided to indemnified persons under the Operating Documents. Such indemnification obligations would be payable from the assets of the Funds, including the unfunded Capital Commitment of the Limited Partners.

In addition, each General Partner may cause a Fund to take reserves against anticipated liabilities rather than make distributions. If the assets of a Fund are insufficient to pay any such indemnification obligation, a General Partner reserves the right to recall certain distributions previously made to the Limited Partners to fund such obligations and (subject to certain limitations set forth in the Operating Documents). This obligation will extend beyond the term of the Funds. Such obligation will generally be borne by the limited partners in such amounts as will result in each Limited Partner retaining distributions equal to the cumulative amount each such Limited Partner would have received had the obligation been known at the time of the prior applicable distribution. A Fund's indemnification obligations will not constitute a waiver or

limitation of the General Partner's or the Managers non-waivable federal fiduciary duty to such Fund.

As a result of a Fund's indemnification obligations, there may be periods where such Fund is advancing expenses to an individual or entity with whom the Fund is not aligned or is otherwise an adverse party in a dispute. Moreover, a Fund's general partner may, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses) to certain persons or entities including itself. Such liabilities of a Fund may not be resolved prior to the date that the Fund will be terminated, either by expiration of the Fund's term or otherwise, and may extend beyond a Limited Partner's withdrawal from the Fund. Certain Limited Partners may not, for regulatory or policy reasons, be permitted to fund indemnification obligations, or their ability to fund such obligations may be restricted. In those cases, a Fund may be required to satisfy any shortfall with respect to indemnification obligations even if such obligations are the direct result of a breach of representation, warranty or covenant by any such restricted Limited Partner.

#### *Significant Penalties for Defaulting Partners*

If a Limited Partner in a Fund fails to fund required contributions, such Limited Partner may be treated as a defaulting partner and will become subject to a host of very significant penalties. The amount of the Limited Partner's default will accrue interest. In addition, the relevant General Partner is permitted to exercise a number of remedies, including but not limited to (a) seeking specific performance of such Limited Partners' payment obligations or other damages, (b) causing the defaulting Limited Partner to forfeit up to 50% of future distributions made by the relevant Fund, (c) causing the defaulting Limited Partner to be excluded from voting or participating in future investments or (d) causing a forced sale of the defaulting Limited Partners' Interest. Unless a Fund's General Partner elects to terminate a defaulting Limited Partner's unfunded Capital Commitment, the defaulting Limited Partner will continue to remain obligated to make capital contributions to such Fund up to the full amount of its unfunded Capital Commitment (which obligations may be offset by amounts otherwise distributable to such limited partner).

If any Limited Partner fails to make required Capital Contributions when due, the applicable Fund's ability to complete its investment program or otherwise continue operations may be substantially impaired. A default by one or more Limited Partners could leave a Fund with insufficient capital to meet its funding obligations (including by limiting a Fund's availability to incur borrowings and avail itself of what would otherwise have been available credit) and/or less than the minimum Capital Commitments desirable to operate a Fund and would limit opportunities for investment diversification, likely reduce returns to a Fund and a Fund may be unable to pay its obligations when due. A default may also result in over-concentration of the non-defaulting limited partners in the applicable investment or investments.

#### *Advisory Committee Decisions*

A Fund's General Partner will appoint certain unaffiliated limited partner representatives to a Fund's Advisory Committee, which has the ability to review and waive compliance with certain provisions of the Operating Documents, including resolving potential conflict of interest

situations, and whose approval is required or may be requested in certain circumstances under the Operating Documents, including certain approvals or consents required by U.S. federal securities laws. Pursuant to the terms of the Operating Documents, all limited partners of a Fund are bound by the determinations of such Fund's Advisory Committee, regardless of whether a Limited Partner is represented by a member of a Fund's Advisory Committee. The Operating Documents provide that to the fullest extent not prohibited by applicable law, none of a Fund's Advisory Committee members will owe any fiduciary duties to a Fund or any other partner of such Fund. In addition, representatives of a Fund's Advisory Committee may have various business and other relationships with the Manager and its partners, personnel and affiliates. Any such relationships could influence their decisions as members of a Fund's Advisory Committee.

Some or all of the members of a Fund's Advisory Committee will likely also be on the advisory committees of other Funds with which there is a potential conflict or will likely represent Limited Partners that have an interest in both the original Fund and such other Funds (including co-investment vehicles). Such Fund Advisory Committee members will not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve potential conflict of interests, including between the original Fund and such other Funds.

#### *Amendments*

The terms of a Fund's partnership agreement may generally be amended with the approval of the General Partner and a majority in interest of the Limited Partners (excluding Tenex). Such amendments may include changes to such Fund's investment objectives, investment restrictions or other limitations. In addition, certain terms, including investment restrictions, may be waived with the approval of a majority of the members of the Advisory Committee present at such vote. Amendments may be adopted despite the objection of a large minority in interest of the Limited Partners and Advisory Committee approvals may be granted despite the objection of members of the Advisory Committee or a majority in interest of the Limited Partners. Any such amendment or waiver may be disadvantageous to the non-approving Limited Partners.

#### *Side Letters*

The General Partners and/or the Funds typically enter into written agreements ("**Side Letters**") with one or more Limited Partners. These Side Letters will generally entitle an Limited Partner to make an investment in the relevant Fund on terms other than those described in Such Fund's Operating Documents. Any such terms are likely to be more favorable than those terms offered to any other Limited Partners.

#### *Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes*

The growth of the private equity industry, and the increasing size and reach of transactions, has prompted additional governmental and public attention to the industry and its practices. Additionally, there continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address these regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

Moreover, the Funds expect to make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities and countries in which they operate. Certain industries may also be highly dependent upon various government (or private) reimbursement programs. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies that operate in these industries. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of Tenex and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact Tenex and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to limited partner reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, limited partners will not be afforded some or all of the protections provided by these rules.

#### *AIFMD*

The European Union Directive on Alternative Investment Fund Managers (the “**Directive**”) regulates alternative investment fund managers (each an “**AIFM**”) based in the European Economic Area (the “**EEA**”) and generally will prohibit such AIFMs from managing any EEA alternative investment fund (“**AIF**”) unless authorization is granted to the AIFM. The Directive imposes new regulatory obligations on authorized AIFMs in respect of their activities and the AIFs that they manage.

Many of the provisions of the Directive require the adoption of delegated acts and regulatory technical standards, as well as the establishment of guidelines. Some, but not all, EEA Member States have published the relevant acts, standards and guidelines. Where these acts, standards and guidelines have been implemented, their practical application is still uncertain. As such, it is difficult to predict the precise impact of the Directive on the Funds and Tenex. Any regulatory changes arising from the transposition of the Directive into national law that impair the ability of Tenex to manage the Funds or the investments of the Funds, or limit Tenex’s ability to market Interests in the future, may materially adversely affect the Funds’ ability to carry out their investment approach and achieve their investment objectives. It should be noted that the final scope and requirements of the Directive as it is applied in each EEA Member State remain uncertain.

### *Use of Indebtedness/Loans to Portfolio Companies*

The Manager expects to employ leverage in connection with most if not all Fund portfolio investments. Use of leverage will subject the Funds and their portfolio investments to a number of risks, including the risk that cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness will not be able to be refinanced and the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. In addition, the Funds may incur indebtedness that may bear interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect the Funds. Moreover, there can be no guarantee that the Manager, the Funds or their respective portfolio investments will be able to obtain the amount of leverage requested in connection with a given investment, nor that such leverage, if available, will be available at prices that are consistent with the manager's investment thesis for a particular investment opportunity. Any failure to obtain sufficient leverage, or leverage on market-rate terms or terms that the Manager has projected will have a negative impact on the investment performance of a Fund and reduce the investment returns to limited partners. See also, "Interest Rate Risk/Rate Hiking Cycle" above.

### *Changes to Benchmark Rates*

To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate (SOFR) or other rates (each, a "Benchmark Rate"), such Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

### *Risk of Bridge Financing*

The Funds are permitted to make bridge investments, subject to certain limitations. If a Fund makes an investment in a single transaction with the intent of refinancing or syndicating the portion of that investment consisting of bridge investments, there is a risk that a Fund will be unable to complete successfully such a refinancing or syndication. This could cause a Fund to be less diversified than the Fund's General Partner intended.

The relevant General Partner will determine in its sole discretion the terms, including the interest rate (if any) or other price to be charged, applicable to the co-investors or other parties acquiring or refinancing bridge financing from a Fund. Such interest rate, or price or other terms may not adequately reflect a Fund's cost of capital or the risk such investment would not be sold or

refinanced. In such event, the interest rate or other terms of such investments may not adequately reflect the risk associated with the position taken by a Fund. Compliance with the concentration limitation under the Operating Documents will be measured solely at the time the applicable investment or bridge investment is made. To the extent that a bridge investment becomes a permanent investment, a Fund will not be deemed to have violated its concentration limits, if any, under the Operating Documents.

### *Line of Credit*

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, financing or refinancing of such Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. 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 a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against a Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by limited partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Operating Documents, 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 relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases a 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 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 a Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause a Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. 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 Operating 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 its limited partners generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of an limited partner's interest in a Fund or impose concentration or other limits on a Fund's investments, and/or financial or other covenants, that could affect the implementation of 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. Such 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 a Fund, resulting in a potential net benefit to such 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. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Tenex for expenses incurred on behalf of the relevant Fund. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, 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 Operating 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).

#### *Investment- and Intermediate Entity-Level Borrowing*

Under the Operating Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as "back leverage" and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of a Fund, including without limitation to: finance any investment-related activities of a Fund; increase the buying power of a Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing investors; fund distributions to the partners; and/or provide collateral to secure outstanding letters of credit or to create reserves, in each case in accordance with the Operating Documents. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Operating Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

#### *Investments in Distressed Securities and Assets*

The Funds are likely to invest at least a portion of their assets in unprofitable and otherwise distressed issuers, assets and businesses, or businesses experiencing operational challenges. These targeted investments, by their nature, relate to companies in unstable financial condition and entail substantial inherent risks. Target investments may suffer from poor management, inefficient operations, insufficient revenues to cover operating expenses, and other problems that pose significant risks to the enterprise. Although the Manager will attempt to manage these risks, there can be no assurance that the Manager will be successful in these efforts, that the Funds' investments will increase in value or that the Funds will not incur significant losses. Tenex anticipates that several of the Funds' investments will incur losses.

### *Financial Institution Risk; Distress Events*

An investment in a Fund is subject to the risk that one or more of the Funds' banks, brokers, hedging counterparties, clearinghouses, exchanges, lenders, or other custodians of some or all of the Fund's (or any portfolio company's) assets (each, a "**Financial Institution**") fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by various factors, including eroding market sentiment, significant withdrawals (e.g., a bank run in which depositors collectively withdraw their balances within a short period of time), fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Tenex, the General Partners, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks 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 Tenex to manage the Funds and their investments, and on the ability of Adviser, any Fund and/or portfolio companies to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of a Fund to acquire or dispose of investments, including at prices that the Fund's General Partner believes reflect the fair value of such investments; and/or the inability of Tenex or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Tenex will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Tenex will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by limited partners of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its limited partners or such portfolio companies, including the risk of limited partner defaults.

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

#### *General Risks Associated with Non-U.S. Investments*

The Funds may invest in businesses organized, headquartered and/or have substantial sales or operations outside of the United States and Canada, 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 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 such Fund and/or the partners.

#### *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 (collectively, "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 Tenex, 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 or litigation, 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 Tenex, 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 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 Tenex, the General Partners, the Funds and/or their portfolio companies.

#### *Cybersecurity*

The information technology systems of Tenex, the Funds, the Funds' portfolio companies and/or their respective service providers may be vulnerable to damage or interruption from computer

viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes). If such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, Tenex, the Funds and/or a portfolio company may be required to spend material time and/or incur material expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan may cause significant interruptions in Tenex's, the Funds' and/or a portfolio company's operations and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to Limited Partners and/or the beneficial owners of Limited Partners). Such a failure could harm Tenex's, the Funds', a portfolio company's, a Limited Partner's or a beneficial owner of a Limited Partner's reputation, subject such persons to legal claims, or otherwise affect the business and financial performance of such persons.

#### Sanctioned Investors

If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on a Fund's activities, could materially and adversely affect the Funds.

#### *Compliance with Anti-Money Laundering Requirements*

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, a Fund's General Partner will request Limited Partners to provide additional documentation verifying, among other things, such limited partner's identity and source of funds used to purchase the interests. Tenex reserves the right to decline to accept a subscription on the basis of the information that is provided or if this information is not provided. Requests for documentation and additional information may be made at any time during which a Limited Partner holds an interest. Tenex may be required to provide this information or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the Limited Partners that the information has been provided. Tenex will take such steps as it determines in its sole discretion are necessary to comply with applicable law, regulations, orders, directives or special measures. These steps may include prohibiting a Limited Partner from making further contributions of capital to a Fund, depositing distributions or other funds or assets to which a Limited Partner would otherwise be entitled to in an escrow account or causing the exclusion of a Limited Partner from such Fund.

#### *Secondaries and Other General Partner-Led Transactions*

There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and Tenex reserves the right to dispose of (or seek additional

capital for) fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase all or a portion of one or more investments that will continue to be managed by Tenex following the transaction. Such transactions are permitted to be 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 Tenex believes 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 Tenex and its affiliates), often on different terms than the original investment in a Fund. However, certain of such transactions are expected to involve: a limited partner investing (or being required to invest) additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of a Fund's 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 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 the Funds and/or their respective Limited Partners and those of Tenex or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Tenex or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives may diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Tenex, the Fund's General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent Tenex requires existing limited partners and/or new buyers to commit capital to a continuation fund in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for a Fund and the limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of a Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, 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. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the Advisory Committee prior to the closing of the transaction, there can be no assurance that Tenex 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, Tenex reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the Operating Documents. Tenex is permitted to seek the consent of a Fund's Advisory Committee to approve conflicts associated with such transactions and accordingly not all limited partners

will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, a Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

### **Conflicts of Interest**

Tenex has long-term relationships with a significant number of companies and their respective senior management. Tenex also has relationships with numerous Limited Partners, including institutional Limited Partners and their senior management. The existence and development of these relationships may influence whether or not the Manager undertakes a particular investment on behalf of the Funds and, if so, the form and level of such investment, and may affect decisions regarding the management, strategy or exit of such investment.

On any issue involving potential or actual conflicts of interest, the General Partners will be guided by their good faith judgment as to the Funds' best interests. In the event that any matter arises that a General Partner determines in its good faith judgment to constitute a potential or actual conflict of interest between the relevant Fund and the General Partner or its affiliates, the General Partner may take such actions as may be necessary or appropriate to ameliorate the conflict, including potentially bringing such matter (which may include "principal transactions" or "cross transactions" within the meaning of Section 206 of the Advisers Act, including certain warehousing transactions) before such Fund's Advisory Committee (and any waiver of actual or potential conflicts by the Advisory Committee will be binding on the relevant Fund).

### **Operating Advisors**

In addition to the full-time investment professionals of Tenex, the Funds and portfolio companies of the Funds often engage the services of certain consultants to work actively with Tenex on sourcing or evaluating (from an operations standpoint) new transactions, providing strategic insights related to portfolio company matters, providing industry expertise, joining the management team or boards of portfolio companies, and providing manufacturing, sales, marketing, financial, cybersecurity, technology, human resources, acquisition integration/rationalization or other operations services to the Funds, any portfolio company or prospective portfolio company of the Funds (the "**Operating Advisors**"). While these advisors have been referred to as "Operating Partners," "Tenex Operating Partners", "Operating Executives," or "Operating Advisors," they are neither partners nor personnel of Tenex, but rather third-party consultants engaged by or on behalf of the Funds and/or the Funds' portfolio companies. Fees and expenses associated with the services provided by the Operating Advisors are expected to be paid and/or reimbursed by applicable Fund portfolio companies and/or the Funds, and such fees and expenses do not offset or reduce the Management Fee. Certain Operating Advisors are expected to make use of Tenex resources or otherwise be associated with Tenex. Tenex and/or its affiliates reserve the right to agree to compensate certain of such persons.

Such Operating Advisors will receive compensation and expense reimbursements for such services, including fees, director's fees, consultant fees, success fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), salary, transaction fees, a profits

participation or equity interests or grants in a portfolio company or holding company, incentive equity, stock options and stock awards, co-investment rights, profits or equity interests in the Fund, the General Partner (such as a portion of the General Partner's carried interest) or affiliates, remuneration from Tenex and/or the Fund or affiliates, guaranteed minimums, a share of proceeds upon sale of a portfolio company and/or other compensation to the Operating Advisor, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Advisor, 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 opportunity to purchase management-allocated and other equity and other non-cash compensation (such compensation and expenses, **"Operating Advisor Compensation"**). Operating Advisor Compensation is generally borne by the relevant Fund(s) or portfolio company with respect to which such Operating Advisor provides services. Operating Advisors may have an interest in the Fund, the General Partner, one or more other investment funds sponsored by Tenex or in an affiliate of the General Partner. Operating Advisors also generally will be reimbursed for certain travel and other costs in connection with their services.

Tenex utilizes a cash-based compensation program (the **"Success Fee Program"**) under which Operating Advisors are eligible to receive a shared participation in cash compensation awards (**"Success Fees"**) issued by portfolio companies typically upon successful sale or disposition, which could be based upon certain pre-determined exit metrics.

Tenex believes that this serves to align the interests of the Operating Advisors with those of a Fund, as well as manage the costs and efficiency of Tenex's administration and deployment of the Operating Advisors. However, conflicts of interests among Tenex, the Operating Advisors, and one or more portfolio companies and/or a Fund may still arise, and it is possible that one or more Operating Advisors may be entitled to a share in a substantial Success Fee issued by a portfolio company with respect to which such Operating Advisor did not provide a commensurate level of services (if any). In certain limited circumstances, Operating Advisors could receive individual grants of profits interests in the future; in addition, Tenex anticipates that arrangements under which profits interests have previously been awarded generally will remain in place.

Operating Advisors may be subject to conflicts of interest resulting from a number of situations, including conflicts resulting from affiliations with entities unaffiliated with Tenex, familial relationships, multiple assignments involving Tenex portfolio companies, and/or the ownership of interests in portfolio companies and other issuers, including, potentially, borrowers. Certain Operating Advisors may be exclusive to Tenex or a Fund but are not personnel of Tenex.

Except for in connection with the Success Fee Program, Operating Advisor Compensation is generally borne by the relevant Fund(s) or portfolio company(ies) with respect to which such Operating Advisor provides services, Operating Advisor Compensation (including any Success Fees) and related expense reimbursements received will not offset the management fees payable by the limited partners. 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 tangible work product generated by the operating partner. Certain



Operating Advisors may be exclusive to Tenex or a Fund but will not be personnel of Tenex. The use of Operating Advisors is expected to fluctuate and/or expand over time. To the extent that an Operating Advisor is 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 such Operating Advisor's services at a time when fewer portfolio companies or Funds make use of such Operating Advisor.

All costs and expenses paid by a Fund or a Fund's portfolio companies in connection with Operating Advisors are disclosed to such Fund's limited partners annually. Although Tenex seeks to retain Operating Advisors with a view to 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 cost savings from such retention. Tenex also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Tenex believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Operating Advisors and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

#### Dedicated Operations Company

Tenex has established a dedicated entity to employ or engage one or more Operating Advisors (a "Dedicated Operations Company"). The Dedicated Operations Company is engaged by the Funds or their portfolio companies to retain the services of such Operating Advisors for a fee that will be borne by the relevant Fund(s) or portfolio company, and does not offset the Management Fees payable by the Limited Partners. The Dedicated Operations Company charges fees to the Funds and portfolio companies at rates so that Tenex determines in its sole discretion to be appropriate in relation to the services provided and may be allocated among the Dedicated Operations Company is formed and operated on a cost basis, as assessed annually by Tenex (including one or more members thereof) and/or Operating Advisors by Tenex in its sole discretion. Such costs of forming and operating the Dedicated Operations Company (the "Dedicated Operations Expenses") cover the Operating Advisor Compensation payable by it to the Operating Advisors and an allocable share of the operating overhead of Tenex and/or such Dedicated Operations Company attributable to supporting the Dedicated Operations Company, as determined by Tenex in good faith. For the avoidance of doubt, such operating overhead may include salaries and benefits of non-Operating Advisor personnel of the Dedicated Operations Company or Tenex providing accounting, payroll and other administrative support to the Dedicated Operations Company, as well as rents, information technology and similar customary and reasonable operating expenses. The Dedicated Operations Company adopts expense reimbursement policies for its Operating Advisors and other personnel generally consistent with Tenex's expense reimbursement policies. To the extent the Dedicated Operations Company is providing services to more than one Fund or portfolio company, Tenex will determine in good faith an equitable allocation of the Dedicated Operations Company fees among such entities. While the fees paid to a Dedicated Operations Company will be believed by Tenex to be reasonable, such fees are not negotiated at arm's length and may not reflect market or be below market rates for the relevant activities.

Many Operating Advisors work exclusively for the Dedicated Operations Company, a Fund or a portfolio company, but some Operating Advisors will not be exclusively engaged. Operating Advisors are expected to include former personnel of Tenex or certain portfolio companies, and in some circumstances former operating partners are expected to become Tenex personnel or personnel of portfolio companies. Consequently, the determination of whether individuals are Operating Advisors is expected to vary and/or be revisited over time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Tenex otherwise would be required to bear. Operating Advisors generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of the Fund, as described herein, and the use of operating partners is expected to fluctuate and/or expand over time. Operating Advisors may be subject to conflicts of interest resulting from a number of situations, including conflicts resulting from affiliations with entities unaffiliated with Tenex, familial relationships, multiple assignments within Tenex, a Dedicated Operations Company or the Funds, and ownership of interests in portfolio companies and other issuers, including, potentially, borrowers. Whenever Tenex becomes aware of conflicts arising in connection with Operating Advisors, it will use reasonable efforts to ensure that such conflicts are addressed in an appropriate manner to the extent practicable in its discretion.

#### Performance Allocations and Management Fees

The fact that the General Partners' compensation is based on the performance of the Funds creates an incentive for a General Partner to cause a Fund to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, this incentive may be tempered somewhat by the fact that any losses incurred will reduce such Fund's performance and, thus, the relevant General Partner's performance-based compensation. In addition, to take advantage of long-term capital gains treatment a General Partner may be incentivized to hold investments for at least three years, which, if sold prior to the three-year mark, might have yielded a greater profit for such Fund's limited partners, or take other actions that could adversely affect the amount and timing of distributions to the limited partners.

The manner in which Management Fees are charged creates an incentive for the Manager to favor holding investments for long periods of time in order to increase the amount of Management Fees it is entitled to receive.

#### Co-Investments

A Fund's General Partner may generally offer co-investment opportunities pursuant to the terms of its Operating Documents in its sole discretion, including, for example, on the basis of the size of limited partner Capital Commitment to such Fund, as well as a broad range of other considerations, including, but not limited to: commercial considerations for the applicable investment, an limited partner's stated desire to participate in co-investments, such General Partner's determination of the appropriateness of offering a co-investment opportunity, an limited partner's ability to quickly execute such offer and the approval of transaction counterparties; expertise of the prospective co-investor in the industry to which the investment opportunity relates; past experiences and relationships with the potential co-investor, including the potential co-investor's willingness and ability to respond promptly and/or affirmatively to prior co-investment opportunities; the size and financial resources of the potential co-investor;

tax, regulatory, accounting, 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; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Tenex's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, accounting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Tenex's 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; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; whether Tenex believes that allocating investment opportunities to a limited partner 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, funds managed by Tenex or an affiliate of Tenex; and other factors that Tenex considers important in connection with the specific transaction or investment; whether the profile and characteristics of the potential co-investor may have an impact on the viability or terms of the co-investment opportunity and the ability of the Fund to take advantage of such co-investment opportunity; the character and nature of the co-investment opportunity (including the potential investment amount, structure, geographic location, tax characteristics and relevant industry); and other appropriate factors.

The relevant General Partner will likely, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by such General Partner in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the relevant General Partner in its sole discretion, may not be in the best interests of a Fund or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, a General Partner is also permitted to consider some or all of a wide range of factors, as described above, which may include factors that benefit the General Partner, such as the likelihood that a limited partner may invest in a future fund sponsored by the General Partner or its affiliates. A Fund is permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments will likely involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to the investment objectives of a Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by a General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor.

The General Partners may or may not charge management fees, one time funding fees and/or carried interest in respect of co-investments, subject to the terms of any applicable agreements

with limited partners, and Tenex may receive and retain a co-investment vehicle's portion of any Fee Income, which may or may not offset the Management Fees that Tenex receives pursuant to such co-investment. A limited partner who participates in a co-investment may, to the extent that such limited partner pays reduced (or no) economics in respect of its investment made outside a Fund, have a higher overall return with respect to the relevant investment than a limited partner who participates in such investment only through a Fund. The allocation of any co-investment opportunities may directly or indirectly benefit the Manager or a General Partner as a result of, among other things, the receipt of any such fees or carried interest of Capital Commitments to a Fund.

Co- investors in one or more specific investments will not necessarily be required to share in broken-deal expenses that are paid by a Fund, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that may be offered to a Fund. In the event that a transaction in which a co-investment was planned ultimately is not consummated, and co-investors are not contractually committed to participate in such proposed co-investment, all broken-deal expenses (including formation costs of any unused co-invest vehicle) relating to such proposed transaction will be borne by a Fund, and not by any potential co-investors that were to have participated in such transaction or that were to have made funding commitments with respect to such proposed transaction (even if a co-investment vehicle was formed for the purpose of making an investment in such proposed transaction).

When and to the extent that personnel and related persons of the relevant General Partner make capital investments in or alongside a Fund, such General Partner is subject to conflicting interests in connection with these investments. The relevant General Partner's allocation of co-investment opportunities among the persons and in the manner discussed herein may not, and 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. As described above, Tenex's co-investment allocation procedures permit it to take into consideration a variety of factors in making such determinations. Although Tenex reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by Tenex in identifying co-investors. Additionally, Tenex reserves the right to permit consultants, vendors or service providers to co-invest alongside a Fund. The relevant General Partner reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in a Fund's portfolio companies or otherwise to have priority in co-investment opportunities.

Co-investment opportunities typically involve the investment and disposal of interests in the applicable portfolio company at the same time and on substantially the same terms as a Fund (except with respect to post-closing sell-downs). A limited partner that participates in co-investments may be in a position to obtain additional information regarding the portfolio company that may not generally be available to other limited partners. Co-investment vehicles are generally formed, and other co-investors' participation is generally included, in connection with the consummation of a transaction. Such co-investments generally will be limited to the capital invested in the applicable portfolio company and may not bear the expenses associated with developing and consummating the investment opportunity or post-closing monitoring expenses to the extent not reimbursed by the portfolio company. For strategic and other reasons, a co-investment vehicle may purchase a portion of an investment from a Fund after it has

consummated its investment in the portfolio company, including at cost, and the participants in the co-investment vehicle may be charged interest on the purchase to compensate a Fund for the applicable holding period.

### Conflicts Amongst the Funds

Certain conflicts of interest exist amongst the various Funds, any parallel funds, feeder funds, alternative investment vehicles, subsidiary investment vehicles or other related investment vehicles thereto. These conflicts of interest include, but are not limited to, how members of the Tenex Team and Operating Advisors spend their business time and attention, the allocation of investment opportunities and co-investments, and the apportionment of fees and expenses amongst the multiple Funds.

For example, certain investments may be allocated between or among a Fund and any successor or predecessor Fund, or solely to one such Fund and not another Fund in a manner that Tenex determines in good faith to be appropriate (and taking into account such factors as Tenex determines in good faith to be appropriate, including, but not limited to: each Fund's investment restrictions and objectives, principles of diversification, risk profile, existing portfolio composition, available capital, applicable contractual and regulatory restrictions, expected holding period, target return profile, proximity of the relevant funds to the end of their investment periods or terms, and tax structure). Such allocations are not expected to be proportional. Therefore, such allocations may be more advantageous to one Fund relative to other Funds. While Tenex will allocate investment opportunities in a way that it believes in good faith is fair and equitable to the Funds, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which Tenex may be subject did not exist.

Tenex may be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to a Fund that are not specific to an investment in which more than one Fund is participating. Tenex, in its sole discretion, will allocate such fees and expenses in accordance with the Funds' respective Operating Documents and the policies and procedures Tenex has adopted to address such conflicts in a manner it believes in good faith is fair and equitable to the respective Funds under the circumstances and considering such factors as it deems relevant.

The Funds' portfolio companies may be counterparties or participants in agreements or transactions with, or provide goods or services to, other Tenex portfolio companies. Although Tenex does not direct such transactions, all such transactions shall be consistent with the requirements of such Funds' governing agreements. Such transactions may not have otherwise been entered into but for the affiliation with Tenex. Tenex believes that all such transactions have been and will continue to be on an arm's-length basis. However, there can be no guarantee that the terms of all such transactions will be no less favorable to a portfolio company than would be obtained in a transaction with an unaffiliated party.

These conflicts are addressed in the Funds' Operating Documents, as well as through various policies and procedures that Tenex has adopted.

## Valuation of Assets

As discussed above, there is not expected to be an actively traded market for virtually all of the securities owned by the Funds. When estimating fair market value, Tenex will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ materially from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by Tenex may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees. Additionally, under certain circumstances set forth in the Operating Documents, distributions in kind of investments for which market quotations are not readily available may be made. The valuation of such investments will generally form the basis for calculation of the relevant General Partner's carried interest.

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

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

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

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

#### Other Obligations of the Principals

Tenex 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, legal, management and other services to Funds and portfolio companies. Tenex 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 Operating Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Tenex conducting its activities, the interests of a Fund likely will conflict with the interests of Tenex, 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, Tenex will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

As a result of their involvement with the investment activities of the Funds and other existing activities, members of the Tenex Team may acquire confidential information that they will not be able to use for the benefit of the Funds.

### **Item IX. Disciplinary Information**

Not applicable. The Manager does not have any legal or disciplinary events to disclose.

### **Item X. Other Financial Industry Activities and Affiliations**

Not applicable. The Manager does not have any applicable financial industry activities and affiliations to disclose.

## **Item XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. General**

In compliance with Rule 204A-1 of the Advisers Act, the Manager has adopted a Code of Ethics in order to establish the standard of conduct expected of all “supervised persons” in light of the Manager’s duties to its clients. It has established reporting and other requirements for personal securities transactions.

### **B. Standard of Conduct**

Supervised persons must act at all times in accordance with Tenex’s fiduciary duty to the Funds. Each supervised person should (i) at all times place the interests of the Funds before his or her own interests except as expressly provided for in the limited partnership agreement, (ii) act with honesty and integrity with respect to the Funds and the Funds’ Limited Partners, (iii) never take inappropriate advantage of his or her position for his or her personal benefit, (iv) make full and fair disclosure of all material facts, particularly where the Company’s or supervised person’s interests may conflict with the Funds, and (v) have a reasonable, independent basis for his or her investment advice.

All supervised persons are expected to be familiar with and comply with the laws and regulations applicable to their day-to-day responsibilities, including U.S. federal securities laws and regulations.

### **C. Reporting Violations**

Supervised persons must report any violations of the Code of Ethics promptly to the Chief Compliance Officer.

### **D. Personal Securities Transactions**

In order to avoid actual and perceived conflicts of interests with the Funds as well as the laws relating to insider trading, the Manager has adopted a strict personal securities transactions policy. As a general rule, the Manager, our staff and related persons may not buy or sell their personal securities to a Fund. With the pre-approval of the Chief Compliance Officer, Individual Principals and/or related persons may invest in securities of issuers in which a Fund has invested or is seeking to invest. The Manager and its related persons are not permitted to “front-run” or self-deal to the disadvantage of a Fund. As a general practice, if a Fund and a related person (i.e. Manager or employee) of the Manager is seeking to invest in the same issuer at the same time, an investment of a related person will only be allowed if disclosures concerning any conflict of interest is made, in advance, to the Chief Compliance Officer of the applicable Fund(s) and the investments of the related person are executed after, or simultaneously with, the Fund transactions.

The Manager’s Code of Ethics will be provided to any client or prospective client upon request.



## **Item XII. Brokerage Practices**

Tenex focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Tenex reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Tenex does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Tenex sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Tenex. In such event, Tenex will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Tenex reserves 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.

The Manager does not believe that the value of any research products it may receive related to the selection of broker-dealers for the Funds is significant, and in any case such products and services largely consist of unsolicited newsletters and reports.

## **Item XIII. Review of Accounts**

On a frequent basis the Manager analyzes new investment opportunities and exit strategies, in particular at times of market stress.

The Limited Partners of each Fund are provided with annual audited financial statements for the Fund(s) in which they have invested as well as with quarterly unaudited financial statements for the applicable Fund(s) and their investment. The Limited Partners of each Fund are additionally provided with quarterly progress reports concerning each portfolio company in which their Fund(s) have invested.

Annually or as often as deemed needed by the Manager or the General Partners, the Manager meets with the Funds' Advisory Committees to discuss the Funds and their performance. The Advisory Committees are composed of representatives from several Limited Partners in one or more Funds who meet with the Manager periodically to resolve any conflicts that may arise or discuss other matter, as appropriate.

## **Item XIV. Client Referrals and Other Compensation**

Not applicable. The Manager does not receive compensation for client referrals. In addition, Tenex will utilize duly licensed placement agents.

## **Item XV. Custody**

Tenex maintains the Funds' cash with independent qualified custodians and maintains the Funds' certificated securities in accordance with the Advisers Act rules. Any qualified custodians will

generally send statements to Tenex, and these statements will be reviewed by Tenex to reconcile to internal Fund records.

Tenex has its Funds annually audited by a PCAOB registered independent accountant and in accordance with GAAP, and the audited statements delivered to limited partners within 120 days after the end of each Fund's fiscal year. The Funds urge their limited partners to review their Fund reports diligently to ensure accuracy and consistency.

## **Item XVI. Investment Discretion**

The Manager has accepted discretionary authority (as delegated by the General Partner) to manage securities accounts on behalf of the limited partners in the Funds. The Manager adheres to the standards specified in the Funds' Operating Documents.

Subject to the above, the management, control and operation of, and the determination of policy with respect to a Fund and its investment and other activities is vested exclusively in the Manager and the General Partner of such Funds. As a general policy, Tenex does not allow clients to place limitations on this authority. Pursuant to the terms of the Operating Documents, however, Tenex and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

The Operating Documents of the Funds provide the Manager with discretionary authority with respect to investments of the Fund and permit and/or direct the Manager to investigate, analyze, structure and negotiate potential investments, exercise voting rights, advise as to disposition opportunities and take other appropriate action with respect to investments on behalf of the Funds.

## **Item XVII. Voting Client Securities**

The Manager has been delegated authority by the General Partners to vote client on securities as necessary to execute the objectives of Funds.

The Manager will vote proxies on behalf of the Funds (its clients) with respect to securities held by the Funds it deems as necessary to execute the objectives of the Funds. If any matter raises a material conflict of interest and the Manager's proxy voting policy is unclear as to the matter then at hand, the Manager will either: (a) disclose the conflict of interest to the Advisory Committee and seek their advice on how best to vote, or (b) abstain from voting.

A copy of our proxy-voting policies and procedures are available to clients upon request.

## **Item XVIII. Financial Information**

Not applicable. The Manager does not require or solicit prepayment of more than \$1,200.00 in fees per client, six months or more in advance.

## **Item XIX. Requirements for State-Registered Advisers**

Not applicable. The Manager is not and will not be registering with one or more state securities authorities. However, the Manager will make “notice filings” with state security authorities if and to the extent required.

## **Item XX. Part 2B-Managing Directors’ Biographical Information**

### **Michael Green, CEO and Principal, 66**

Mr. Green is a highly experienced investor with a diverse background in private equity investing, distressed and turnaround investing and business operations leadership. Prior to the re-establishment of Tenex Capital Management, he was a Managing Director, senior member of the Investment Team and a member of the Investment Committee at Cerberus Capital Management from 2004 to 2009. From 2004 to 2006, in addition to his responsibilities as an investment professional, Mr. Green also served as President of Cerberus Operations, where he led the establishment and growth of a multi-industry, multi-functional investment support entity of more than 100 professionals.

From 1999 to 2004, Mr. Green was the General Partner of TenX Capital Partners, and joined Cerberus in 2004 when Cerberus acquired certain portfolio investments from TenX Capital Partners. From 1993 to 1999, he financed and actively participated in acquisitions of underperforming companies. In two cases, Mr. Green assumed the role of Chief Executive Officer (Trispan Solutions and Naviant Information Systems). Earlier in his career, Mr. Green spent 12 years at General Electric (GE), where he worked in several operating departments and held positions in engineering, manufacturing, sales, marketing and general management. During his tenure at GE, his industry experience included aerospace, transportation, telecommunications, manufacturing and software systems. Mr. Green currently serves, or has previously served, on numerous public and private boards including ACE Aviation, Air Canada, Fila, AerCap, SSA Global, Tandem Staffing and Teleglobe International.

He received a MSEE from Villanova University and BSEE from the State University of New York at Buffalo and is a graduate of the GE Management Training Institute.

### **Varun Bedi, Managing Director and Principal, 54**

Prior to Tenex, Mr. Bedi was Senior Vice President at Cerberus Capital Management from 2004 until 2009, where he played a wide-ranging role, piloting the restructuring of several high profit portfolio companies from both an operational and financial perspective. Mr. Bedi also led large-scale diligence teams on new investment opportunities.

Mr. Bedi joined Cerberus in 2004 from Time Warner where his roles included senior business development and financial positions in the publishing division. These included CFO of Time Canada and of Life Magazine. Mr. Bedi was previously founder and co-CEO of Parlo Inc., a 70-person language learning company backed by Rho, Sevin Rosen, and Goldman Sachs (acquired in 2002). Before founding Parlo, he was a senior consultant at McKinsey & Co, specializing in media, technology, and healthcare. He started his career as a M&A banker and commodity

derivatives analyst for JP Morgan. Mr. Bedi also served on the board of ChrysCapital, a leading India-focused private equity fund with \$2 billion under management.

He is a graduate of Harvard Business School and Haverford College (magna cum laude, Phi Beta Kappa) and speaks five languages.

### **Joe Cottone, Managing Director and Principal, 53**

From 2004 through 2009, Mr. Cottone was a Senior Operations Leader within Cerberus Capital Management. He served as the Vice President of Strategy, Supply Chain, Information Technology, and Integration of a Cerberus portfolio company from 2005 until 2009.

Mr. Cottone joined Cerberus from General Electric (GE), where he held various positions in Sales, Finance, and Operations. Mr. Cottone was a Director of Business Development within NBC taking responsibility for revenue generation and inventory management for the NBC-owned stations through the Eastern United States and for the NBC-owned station in Miami, Florida. Prior to that, he was the Vice President of Interactive and helped transform the NBC owned stations on-line departments from a cost center into a profit center. Before that, Mr. Cottone served as Finance Director of NBC's Washington DC television station. Preceding that, he was a member of GE's Corporate Audit Staff, where he audited numerous GE industrial and financial services businesses and received his Six Sigma Black Belt certification. Mr. Cottone commenced his career in engineering and sourcing in GE's Edison Engineering Leadership Management Program, where he successfully managed assignments.

Mr. Cottone holds a B.S. in Computer Science from the University of Maryland.

### **Ron Lejman, Managing Director, Operations, 56**

Mr. Lejman joined Tenex as a Managing Director in 2016 after serving as an Operating Advisor from 2013-2015 and previously having worked with the current Tenex leadership team at Cerberus and TenX dating back to the early 2000's.

Prior to these roles, Ron was the Chief Financial Officer of UniTek Global Services Inc., a provider of permanently outsourced infrastructure services to the telecommunications industry. Prior to that, Mr. Lejman worked with the current Tenex leadership team at Cerberus in operations, as well as worked with Mr. Green at TenX. Mr. Lejman has also served as Chief Financial Officer for various organizations over the last 15 years, including: The Stanley Works (Europe/Middle East/Africa), Stanley Bostitch, and General Fiber Communications. He has also held senior finance leadership positions at General Electric and Amoco.

Mr. Lejman holds a BS in Mechanical Engineering from the University of Illinois and Masters of Management degree from Northwestern University's J.L. Kellogg Graduate School of Management in Finance, Marketing and Decision Sciences.

### **Gabe Wood, Managing Director, Investments, 41**

Mr. Wood is responsible for transaction execution, structuring, and monitoring activities for Tenex. His focus at Tenex is on evaluating and underwriting investments.

Prior to joining Tenex in 2012, Mr. Wood was an Associate at Clayton Dubilier & Rice (CD&R). While at CD&R, he focused on the evaluation of investment opportunities and subsequent capital markets transactions across a broad range of industries including Healthcare, Industrials and Business. Prior to CD&R, Mr. Wood began his career in the Financial Sponsors Investment Banking Group at Morgan Stanley, where he helped execute numerous debt and equity transactions for the firm's Private Equity clients in the Healthcare, Industrials and Consumer sectors, including the Tenex Team while at Cerberus as a client of Morgan Stanley's.

Mr. Wood has an MBA with honors and distinction from Columbia Business School and graduated Phi Beta Kappa, summa cum laude from Middlebury College with a BA in Economics.

**Perrin Monroe, Managing Director, Investments, 41**

Mr. Monroe is responsible for transaction execution, structuring, and monitoring activities for Tenex. His focus at Tenex is on evaluating and underwriting investments.

Prior to joining Tenex in 2013, Mr. Monroe was an Associate at Clayton Dubilier & Rice (CD&R), where he evaluated and executed investments in businesses across a wide range of industries. Prior to CD&R, Mr. Monroe worked in the Financial Sponsors and M&A investment banking groups at Morgan Stanley where he helped execute numerous debt financings, equity offerings, and strategic transactions for the firm's private equity and corporate clients.

Mr. Monroe holds an MBA from the Wharton School at the University of Pennsylvania where he was a Palmer Scholar, and a BA in Economics from Washington & Lee University where he graduated magna cum laude.

**Stephens Johnson, Managing Director, Business Development & Investor Relations, 37**

Mr. McDonald is an experienced capital raising and deal origination professional who services as a Managing Director of Business Development & Investor Relations. Mr. McDonald holds a BA from the University of North Carolina. Before joining Tenex, Mr. McDonald worked for First Reserve, Lazard, Apogem Capital and Lehman Brothers.