

**Item 1. Cover Page**

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Part 2A of Form ADV: Firm Brochure  
March 29, 2024

**This brochure provides information about the qualifications and business practices of Madison Dearborn Partners, LLC and its relying advisers. If you have any questions about the contents of this brochure, please contact us at [legal@mdcp.com](mailto:legal@mdcp.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Madison Dearborn Partners, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This brochure, dated March 29, 2024, serves as an update to Madison Dearborn Partners, LLC's brochure dated March 31, 2023 (the "Prior Brochure"). This brochure contains routine annual updates to the Prior Brochure, as well as certain others, including those regarding Item 5 - Fees and Compensation (including with respect to Transaction Fees (as defined below) and allocations of expenses), Item 8 – Risks (including with respect to artificial intelligence, valuation of assets, recent regulatory changes and market changes), and Item 11 - Conflicts of Interest (including with respect to allocation of investment opportunities, platform builds and transactions with portfolio companies). In addition, Madison Dearborn Partners, LLC routinely makes updates throughout the brochure in an effort to enhance disclosures, improve and clarify the descriptions of its business practices, compliance policies and procedures, as well as to respond to evolving industry and firm practices.

We encourage all recipients to read this brochure carefully in its entirety.

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#### **Item 4. Advisory Business**

Madison Dearborn Partners, LLC, a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), is a Delaware limited liability company. For purposes of this brochure, the terms “MDP” and “Adviser” mean Madison Dearborn Partners, LLC, together (where the context permits) with its affiliated general partners of the Funds (as defined below), any relying advisers of Madison Dearborn Partners, LLC as well as any other affiliates that provide advisory services to and/or receive management fees from the applicable Funds. Such affiliates are typically under common control with Madison Dearborn Partners, LLC and, in the event they are not under such common control, they possess a substantial identity of personnel and/or equity owners with Madison Dearborn Partners, LLC. Madison Dearborn Partners, LLC is owned by certain of its current principals (the “Principals”) and former principals. Since MDP’s formation in 1992, its funds have invested in over 163 companies.

MDP provides investment advisory services and may provide sub-advisory services to or on behalf of investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Investment advice is provided to the Funds (directly or indirectly) and not individually to the investors in the Funds.

MDP’s advisory services consist of: (a) identifying and evaluating investment opportunities, (b) structuring, negotiating and consummating investments on behalf of the Funds, (c) managing, monitoring and disposing of such investments when MDP deems appropriate, and (d) engaging in such other activities related, incidental or ancillary thereto. Although the primary focus of each Fund is on private equity and equity-related investments, MDP from time to time recommends other types of investments to the extent consistent with each such Fund’s investment strategy and objectives. Investments are generally made in companies doing business in the following industry sectors: basic industries; financial services; healthcare; and technology & government. MDP personnel often serve on the board of directors or otherwise act to influence control or management of portfolio companies held by the Funds (“portfolio companies” or “Portfolio Companies”).

MDP provides investment advisory services to each Fund in accordance with the limited partnership agreement (or analogous governing document) of such Fund, separate investment advisory agreements, sub-advisory agreements, or contractual side letters with such Fund’s investors (collectively, the “Governing Documents”). Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund. Once invested in a Fund, investors do not typically have the contractual right to impose additional restrictions on the types of securities or investments in which such Fund may invest.

As of December 31, 2023, MDP manages a total of \$18,982,223,454 of client assets, all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

The Adviser or its affiliates generally receive Management Fees and Carried Interest (each as defined below) or similar performance-based remuneration from the Funds. A Fund, and/or its portfolio companies also typically bear or reimburse the Adviser and its affiliates for certain expenses and/or make other payments to the Adviser or its affiliates for certain services provided to the Fund and/or its portfolio companies which, in certain circumstances, reduces the Management Fee payable to the Adviser. Details about such fees and expenses are contained in the Governing Documents of a Fund. Further details about certain common fees and expenses are set forth below.

### **Management Fees**

As compensation for investment advisory services rendered to the Funds, MDP typically receives a management fee (a “Management Fee”) from each such Fund. Management Fees paid by the Funds are borne by certain investors in such Funds, including any other Funds that invest in such Fund. In general, the precise amount of, and the manner and calculation of, the Management Fee differs from one Fund to another, as well as among investors in the same Fund, and are set forth in such Fund’s Governing Documents received by each investor prior to investment in such Fund.

The Management Fee paid by the applicable Fund is typically calculated as a percentage of the total capital commitment of the limited partners from the effective date of the Fund through the earlier of the end of such Fund’s active investment period or the date on which MDP is entitled to receive a Management Fee from a successor Fund. After the Fund’s active investment period (or after certain other events specified in the Governing Documents), the Management Fee is generally calculated based on total capital contributions (less permanent write-downs (as determined in accordance with the Adviser’s procedures) and returns of capital as defined by the applicable Governing Documents). For some Funds, the Management Fee is calculated based on investment contributions (less permanent write-downs (as determined in accordance with the Adviser’s procedures) and returns of capital as defined by the applicable Governing Documents), for the entire period in which MDP is entitled to receive a Management Fee from such Funds. As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund’s net asset value, including following the active investment period, and will not be reduced in connection with any write-downs, except in the case of investments permanently written down in accordance with the Adviser’s procedures. In certain circumstances, unless the Governing Documents expressly provide to the contrary, Management Fees generally will not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or partial sales of investments. Management Fees are paid quarterly in advance through a capital call made to the applicable investors and generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or permanent write-downs that occur partway through the relevant calculation period. Pursuant to the Governing Documents, MDP is also permitted to collect its Management Fee by offsetting a Fund’s cash on hand (for example, from proceeds received from an investment) or by utilizing a Fund’s capital call line to pay these Management Fees (and call capital from such Fund’s investors at a later date). Please see information regarding the use of capital call lines in the discussion under “*Borrowing or Guarantees by the Funds; Use of the Funds’ Credit Facility*” in Item 8 below. Unless prohibited or waived under the Governing Documents, Management Fees will generally be payable during extension periods of a Fund’s term.

The Management Fees paid by a Fund will generally be reduced by: (a) the amount of fees paid to placement agents by such Fund, to the extent set forth in such Fund's Governing Documents (e.g., when such fees are charged as a Partnership Expense), (b) the amount of fees and expenses incurred in connection with the organization of such Fund that exceed a limit specified in such Fund's Governing Documents, and (c) a negotiated percentage of Transaction Fees (as defined in and discussed in the following paragraphs). Funds and investors who do not pay a Management Fee will not benefit from any reduction in the Management Fees as a result of Transaction Fees received as described herein (and such reduction will instead benefit MDP).

The Management Fees and other fees and distributions described herein are generally subject to modification, waiver, deferral or reduction by MDP in its sole discretion, both voluntarily and on a negotiated basis with select investors via side letter or other arrangements, which, depending on the Governing Documents of such Fund, and to the extent permitted by applicable law, is not required to be disclosed to other investors in the same Fund. To the extent the Adviser elects to voluntarily waive, defer or reduce Management Fees, such election does not permanently modify the Adviser's right to charge such fees in the future, including with respect to amounts previously deferred. Some Funds do not pay a Management Fee and such Funds typically do not share in any Transaction Fees (as defined below). Certain investors in the Funds who are current or former principals, current or former employees (including senior advisors), specified current or former advisers (such as executive partners and industry advisory group members) of MDP and certain other investors designated by MDP, including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles (collectively, "Affiliated Partners") typically invest directly or indirectly in the Funds, and Management Fees with respect to such investors are commonly waived. To the extent MDP voluntarily designates an investor an Affiliated Partner, MDP retains the right to remove this designation at anytime in its discretion. Please also see Item 6 below for additional information on "Carried Interest" which is commonly waived with respect to Affiliated Partners.

MDP and its affiliates also have the discretion to (i) receive performance-based compensation (e.g., Carried Interest), Management Fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are subject to co-investment arrangements.

In general, fees differ from one Fund to another, and fees may also differ among investors in the same Fund. In addition, MDP is permitted to enter into economic and/or other fee arrangements with respect to one or more investors, the rights of which will not generally be offered to other investors.

Upon termination of a Fund pursuant to its Governing Documents, Management Fees that have been prepaid (if any) are expected to be returned on a prorated basis to applicable investors.

### **Transaction Fees**

#### **Transaction Fees Paid by Portfolio Companies or Prospective Portfolio Companies**

MDP and its active partners often provide a variety of services to, and receive fees from, current or prospective portfolio companies or other investment vehicles of a Fund, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, and closing fees, in each case in connection with a Fund's investment in, monitoring of, or sale of any such

portfolio company. In addition, MDP and its active partners receive fees in cash or equity in connection with serving on the board of directors of certain portfolio companies. MDP also negotiates the right to receive fees in cash or equity in connection with an unconsummated transaction (commonly known as break-up fees or reverse break-up fees). The amount, conditions to payment and timing of such break-up fees or reverse break-up fees are generally specified in the agreement or other documentation governing the transaction. Subject to the terms of the applicable Governing Documents (which specifically define “Transaction Fees”), the fees described in this paragraph are referred to as “Transaction Fees” and the services described in this paragraph are referred to as “Related Services.”

Generally, under the terms of the applicable Governing Documents, for purposes of calculating any Management Fee offset, Transaction Fees are net of various out-of-pocket costs and expenses which have been paid for by MDP and not yet previously reimbursed, including costs and expenses incurred by MDP in connection with consummated or unconsummated transactions (including travel expenses, such as “black car” or other private vehicle transportation, ride sharing transportation services and other modes of transportation, charter/private, first class or business class airfare, upgrades or equivalent, and lodging, meals and entertainment expenses (including premium lodging, accommodations and meals) (collectively, “Travel and Travel-Related Expenses”)), irrespective of whether such fees relate to such expenses or are incurred in connection with generating any such fees or proceeds.

Monitoring agreements with portfolio companies often provide that monitoring fees will continue to be paid even after an initial public offering or other disposition of shares so long as the applicable Fund continues to hold shares in such portfolio company and MDP or its active partners continue to provide the monitoring services and advance payments of such fees generally do not need to be repaid by MDP to such portfolio company after the applicable Fund sells its remaining shares in such portfolio company. There are also certain circumstances (such as the occurrence of an initial public offering or sale of a portfolio company) which accelerate the payment of such fees or provide for a negotiated settlement of such fees (also defined as “Transaction Fees”). Since the agreements with the portfolio companies providing for such fees often have prolonged terms (or automatic renewal provisions), the effect of such acceleration can be substantial (particularly if such offering or sale occurs early in the life of a Fund’s investment in such portfolio company) and the benefit to MDP can also be substantial, especially for any Funds that do not have a 100% Transaction Fee offset to Management Fees in their Governing Documents. MDP has in the past and may in the future waive its rights to some or all of any such accelerated fee after taking into account various factors, including, but not limited to, the Firm’s assessment of (a) in the case of an initial public offering, how payment of such accelerated or settlement fee might affect the success of such offering and whether and the extent to which director fees will be paid to MDP active partners for their board services after such offering, (b) the portfolio company’s financial condition and performance of a Fund’s investment in such portfolio company, (c) the amount of fees (including such accelerated or settlement fee) received by other investors in such portfolio company and (d) the effect of such accelerated or settlement fee on the equity of or management’s equity incentives in such portfolio company.

Under the terms of the applicable Governing Documents, “Transaction Fees” do not include directors’ fees and/or director stock awards that are (a) earned for board services to a company at a time when the Funds no longer own an interest in such company (e.g., a former portfolio company), (b) accrue to the benefit of Adviser Personnel (as defined below) or other persons who are or become unaffiliated with MDP (even if any such fee is earned during their tenure with MDP), or (c) accrue to the benefit

of Adviser Personnel or other persons who are affiliated with MDP prior to their association with MDP (even if any fee received in kind is realized or otherwise converted to cash during their tenure with MDP), and, in each case, such amounts are therefore not offset against the Management Fee or reimbursable expenses. Please note that descriptions in this section and elsewhere in this brochure regarding amounts that do not offset the Management Fee or reimbursable expenses mean that the Funds do not receive any benefit from such amounts, and the General Partners, the Adviser and their affiliates will in most cases benefit from such amount.

In addition, the fees, retainers, compensation, profits or equity interest, cash, and other stock awards received from: (a) a portfolio company or prospective portfolio company by Consultants (as defined below), including, but not limited to, MDP's industry advisory group members, executive partners and other persons retained by MDP or its affiliates or (b) a portfolio company or prospective portfolio company by the General Partner (as defined in Item 10 below), its active partners or the affiliates of the General Partner or its active partners for non-investment services provided to such portfolio company by non-investment professionals (including for this purpose, all legal, accounting, finance, human resources, executive search and placement, ESG and impact consulting, quality of earnings, information technology, capital markets, portfolio resources, operating, corporate development (including personnel focused on identifying, closing, and/or integrating add-on acquisitions for such portfolio company), tax or other operating personnel), and payments for services related to lending or borrowing activities (including related to the incurrence of revolving lines of credit, loans and other credit or similar financing products), are commonly excluded from the definition of "Transaction Fees" under the applicable Governing Documents and therefore not offset against the Management Fee or reimbursable expenses, and such persons are not required to share such compensation or such amounts received with the Funds. In the case of the fees described in clause (b), the General Partner and its active partners (and not the Fund) will benefit from such amounts.

Furthermore, MDP is permitted (in its sole discretion) to agree to pay (or cause to be paid by the applicable portfolio company or Funds) a transaction success fee or advisory fee (whether in the form of cash, securities or otherwise) to other third parties, such as advisers, operating partners, operating executives, strategic partners, executive partners, industry advisory group members, finders, brokers, co-investors, consultants and/or banks ("Third Party Fees"). Third Party Fees are often substantial. In some cases, the amount of such Third Party Fees has the effect of reducing the amount of any applicable Transaction Fee that would otherwise be paid to MDP or reducing the proceeds upon an exit that would have otherwise benefited the Funds. In such events, MDP is not required under the terms of the applicable Governing Documents to share such Third Party Fees with the Funds and MDP is not required under such Governing Documents to offset such Third Party Fees against the Management Fee or reimbursable expenses.

Transaction Fees are often substantial and are paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. To the extent Transaction Fees consist of non-cash consideration, such non-cash consideration is generally not treated as a Transaction Fee until the receipt of net cash proceeds thereof (and as a result, such non-cash consideration is not offset against the Management Fee until the receipt of net cash proceeds).

Although these Transaction Fees are in addition to the Management Fees, MDP is required under the terms of the Governing Documents, to share such (or a percentage of such) Transaction Fees with the



applicable Funds. Such sharing is often made by MDP through offsetting the amount of such Transaction Fees that are for the benefit of such Fund, against certain expenses (as discussed above) and the amount of Management Fees to be paid by the Management Fee paying investors. The definition and calculation of the amount of such Transaction Fees and the amount of the offset of Transaction Fees to Management Fees and expenses is described in the applicable Governing Documents and can differ from one Fund to another, as well as among investors in the same Fund. MDP is permitted to elect to share a greater percentage of any such Transaction Fees than is required under the applicable Governing Documents for any reason (and any such election does not permanently modify, waive or reduce the Transaction Fee amount that is required to be shared in the future). The Transaction Fees described above are generally subject to modification, waiver or reduction by MDP in its sole discretion, both voluntarily and on a negotiated basis with select investors via side letter or other arrangements (and the Governing Documents of a Fund and applicable law determine whether such side letters are required to be disclosed to other investors in the same Fund). Some Funds do not pay Management Fees and such Funds typically do not share in any Transaction Fees. For limited partners who do not pay a Management Fee in a Management Fee paying Fund, Transaction Fees allocable to such limited partners will not benefit such limited partners beyond the amount of Transaction Fees that is offset against expenses. Generally, the portion of any such Transaction Fees allocable to a non-Management Fee paying investor within a Management Fee paying Fund in excess of expenses are retained by MDP. Unless otherwise agreed with investors, Transaction Fees generally will be payable to the applicable Funds, including such Transaction Fees that are received by the General Partner and paid over to the applicable Funds (in each case, subject to any agreed upon offset in the Governing Documents) during term extensions, even if Management Fees are reduced or eliminated during the extended term.

MDP determines the amount of these fees for the services provided and reimbursements described below in its own discretion, subject to any applicable agreements with shareholders and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements are often not required by the Governing Documents of a Fund, and to the extent permitted by applicable law, to be disclosed to investors. The payment of Transaction Fees by portfolio companies will, in some, but not all, circumstances create a conflict of interest between MDP and its affiliates and the Funds and their investors because the amounts of these Transaction Fees and reimbursements described below are often substantial and could appear to influence MDP's decisions with respect to such portfolio company especially if MDP benefits from such fees. Since the definition of Transaction Fees and the percentage of Transaction Fees shared with investors can differ from one Fund to another, investors should review the terms of the applicable Governing Documents and not rely on the summary provided above.

#### *Other Amounts Paid by Portfolio Companies or Funds; Consultants*

MDP, a Fund and/or its portfolio companies often retain Consultants (as defined below) to provide services (on an exclusive or non-exclusive basis) to, or in connection with, a Fund and/or one or more portfolio companies. Such service providers include: (a) current or former employees, officers or partners of the Adviser, (b) affiliates of the Adviser, (c) current or former employees, officers, partners or directors of such affiliates, (d) prospective, current or former portfolio companies of the Funds, (e) current or former employees, officers or directors of such portfolio companies, and (f) third party advisers (including finders or brokers, banks, individual consultants, consulting firms, executive search firms, public relations firms, consultants, operating partners, operating executives, strategic

partners, executive partners and industry advisory group members and Executive Teams (as defined below)) (such persons described in clauses (a) through (f), collectively, “Consultants”). For the avoidance of doubt, industry advisory group members, Executive Teams and the service providers described in (d), (e) and (f) are not employees, affiliates, or personnel of MDP. It may be difficult to distinguish services provided by Consultants from the investment advisory services provided to the Funds by MDP and its affiliates.

Industry advisory groups are generally comprised of executive partners, company executives (including current, potential or former portfolio company executives), retired executives, and/or industry experts. The services provided by these Consultants often include (but are not limited to) investment or strategic idea generation, deal sourcing and facilitation, investment evaluation, due diligence, acquisition, holding, recapitalization, restructuring, refinancing, transition services, ESG services, value creation, evaluation of operational aspects (such as business, finance, strategy, legal, compliance, manufacturing, sales, marketing, human resources, recruiting, public relations, cybersecurity, information technology, distressed company management, cash management, accounting, quality of earnings, and capital markets) of such companies, and/or services related to the holding or disposition of such portfolio companies.

The Funds from time to time retain an operating executive or group of operating executives as Consultants (such individual or group, an “Executive Team”) (which retention may be for a prolonged period of time), who among other things assist the Funds with deal sourcing, conducting due diligence and negotiating a transaction with prospective portfolio companies or prospective add-on acquisitions. Executive Teams may be recruited to pursue a new “platform” opportunity expected to lead to the formation of a future portfolio company, or to undertake a “build-up strategy” to acquire and develop assets in a particular sector or involving a particular strategy. In other instances, a new platform could be formed to recruit an existing or newly formed management team to build such platform through acquisitions and organic growth. If a Fund consummates an investment in such prospective portfolio company or prospective add-on acquisition, this Executive Team may continue to provide consultative services or operational support to such portfolio company and in certain circumstances, this Executive Team will become the executives of either: (a) the prospective operating company or (b) a holding company that is created to acquire and manage several prospective operating companies in the same industry. It is possible that an Executive Team includes former employees of the Adviser, or current or former executive partners, advisory group members, or consultants to the Adviser and its affiliates. The nature of the relationship with each Consultant or Executive Team and the structure of each platform can vary significantly, including whether an Executive Team’s services are exclusive to the platform and whether the members of the management team are employed directly by the platform or indirectly through a separate management company established to manage such platform. The services provided by the platform management team could be similar to, and in some cases overlap with, the services provided by the Adviser to the Funds.

The compensation structures for Consultants vary and can include any or all of the following: (i) a retainer or fixed fee, (ii) salary and/or fees based on an hourly/daily/weekly or other rate, (iii) success based fees (which may be in cash, securities or other consideration), including transaction fees in connection with the investment into or sale of one or more entities constituting a portfolio company or other bonuses (including discretionary bonuses, whether based on pre-determined milestones or not), (iv) profit participation (e.g., Carried Interest) or equity interest (directly or indirectly, the terms

of which may be more beneficial than the profit participation or equity interest owned by the applicable Fund) at the portfolio company or prospective portfolio company or other incentive-based compensation, (v) expense reimbursement (including for Travel and Travel-Related Expenses), (vi) retention of “miles” or “points,” rebates, or credit in loyalty/status programs, (vii) reimbursement of overhead expenses relating to such Consultants (including, without limitation, rent, property taxes and utilities allocable to workspaces), (viii) payroll taxes and health and other insurance and other benefits (including vacation and sick time), (ix) the ability to invest in a Fund on preferred terms (including on a no fee / no carry basis), and/or (x) board of director fees or equity awards from the applicable portfolio company (all of the fees, compensation, interests, awards and benefits described in this paragraph are referred to as, “Consulting Fees and Expenses”). Consulting Fees and Expenses can be paid even if there isn’t a written agreement and amounts paid can reflect long term support and partnership provided by the Consultant. In order for the Funds or portfolio companies to have greater accessibility to certain Consultants, such Consultants are often engaged through a retainer or fixed fee agreement. The Funds or portfolio companies typically bear the expense of such retainer or fixed fees which may cause the Funds or portfolio companies to pay more than if such services were paid on an hourly or similar rate schedule. In the event a Consultant is paid an annual or quarterly retainer, the value provided to the relevant Fund and/or portfolio company by such Consultant may vary year to year or quarter to quarter, as applicable, and there can be no assurance that the retainer paid will be commensurate with the value provided by the Consultant. To the extent that such Consultants are paid retainers or fixed fees that are allocated to the Funds (e.g., industry advisory group members, Executive Teams or employees or other personnel of MDP), there is the possibility that certain Funds will bear a greater share of such fees due to the utilization of the Consultants’ services at a particular time when fewer Funds make use of such Consultants. When Consultants provide services to a Fund and/or one or more portfolio companies of such Fund or other Funds, conflicts arise in determining the allocation of compensation paid by each Fund or portfolio company and the prioritization of a Consultant’s services among these parties.

The amount of Consulting Fees and Expenses (including a profit participation or equity interest) may be determined according to one or more methods, including, but not limited to, the value of the time spent by the Consultant, an allocation for overhead and other fixed costs of such Consultant, a percentage of the value of a portfolio company, a percentage of the amount of the applicable Fund’s capital invested in and/or committed to a portfolio company over any particular period of time, a profits interest determined in whole or in part by the return achieved by the applicable Fund or management team or by the amount invested by such Consultant in a portfolio company, amounts charged by other providers for comparable services (although MDP often does not conduct a market check to compare rates for similar services and any expenses to obtain benchmarking data will be borne by the applicable Fund and/or portfolio company and will not reduce the Management Fee), and/or amounts that other third parties have paid or have offered to pay for such services or such fees as requested by the Consultant. Where rates or terms include time-based components, MDP reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging services. Any methodology, or choice among methodologies, involves potential conflicts of interest. The particular methodology used to determine the amount of Consulting Fees and Expenses are expected to vary depending on the types of services provided and could, with respect to a Consultant or service, change from one period to another. Material Consulting Fees and Expenses are incurred, including for transactions that are not consummated. MDP does not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) Consulting Fees

and Expenses (and such amounts can be at the top range of what MDP determines to be reflective of rates in the applicable market or similar markets for similar services).

It is common for industry advisory group members, executive partners and other Consultants to provide services to the Funds; serve on a portfolio company's board of directors; and/or be retained as an employee, executive, or adviser of a portfolio company (and as a result, such persons receive multiple sources of compensation at the same time). In addition, portfolio company executives or employees are also retained by other portfolio companies or the Funds at MDP's recommendation or direction to provide services and may receive various forms of compensation from such portfolio companies and/or the Funds in connection with providing such services, including Consulting Fees and Expenses. These types of arrangements may result in a conflict of interest with respect to the services performed by them (for example, if a Consultant is an executive of a portfolio company of a Fund, but provides services in connection with a different Fund portfolio company (or vice versa), such person's time and attention is being spent on other business matters besides the company where he/she is employed).

Consulting Fees and Expenses are generally paid by the applicable Funds and/or portfolio companies and are not included in the definition of Transaction Fees and do not reduce the Management Fee. Compensation in the form of profit participation or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund's investment, and the relevant Fund and/or portfolio company will typically bear the costs of the Consulting Fees and Expenses, as well as fees, costs and expenses of structuring the Consultant arrangements. On occasion, a Fund retains a Consultant to provide services to a portfolio company where such portfolio company does not reimburse such Fund for the fees and expenses of such Consultant. In such instances, the Fund will disproportionately bear the costs of such Consultant vis-à-vis other shareholders in such portfolio company. To the extent Consulting Fees and Expenses are not paid or reimbursed by portfolio companies, or to the extent consulting services are provided without reference to a particular portfolio company, the Consulting Fees and Expenses are paid by the applicable Funds. From time to time, MDP may elect to pay for Consulting Fees and Expenses that could be charged as a partnership expense to the Funds; such election does not modify the definition of "partnership expense" or preclude MDP from charging such Consulting Fees and Expenses to the applicable Funds in the future.

Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by MDP.

#### *Amounts Reimbursed by Portfolio Companies or Prospective Portfolio Companies*

Portfolio companies of the Funds commonly pay for or reimburse MDP for expenses including (a) Travel and Travel-Related Expenses, (b) lodging, meals, and entertainment expenses (including closing dinners, mementos and gifts, social and entertainment events with actual or potential portfolio company management, employees, directors, customers, clients, brokers and service providers, including "president circle" and other events (e.g., exclusive sporting events, events relating to employee recognition or events relating to the announcement of strategic initiatives), (c) expenses relating to training or team-building programs, meetings or other events relating to such portfolio company (whether or not such programs, meetings or events are attended by any portfolio company personnel or board members or board observers), (d) expenses relating to hiring portfolio company personnel (including background checks, and recruiting fees and expenses), (e) indemnification

expenses, (f) Consulting Fees and Expenses (as described above), (g) certain legal expenses (including fees and expenses of outside counsel) and (h) similar out-of-pocket expenses incurred by MDP in connection with its performance of Related Services for such portfolio companies (including, but not limited to, services as a board member or board observer of such portfolio company) or in connection with a Fund's investment in such portfolio companies. A prospective portfolio company occasionally enters into "expense reimbursement" agreements pursuant to which such company agrees to pay MDP for certain out-of-pocket expenses even if such deal is not consummated. With respect to certain Funds, the placement fees payable to any placement agent in connection with a continuation transaction may be paid by a portfolio company in the transaction. Such amounts described in the prior three sentences are not "fees" that are included in the definition of Transaction Fees (and such amounts are therefore not offset against the Management Fee) under the terms of the applicable Governing Documents.

In many cases with respect to the implementation of such fee/expense arrangements described in this section and elsewhere in this brochure, there is not an independent third party involved on behalf of the relevant portfolio company to select the Consultant or negotiate the fees or other terms of the consulting agreement. Therefore, a conflict of interest exists in the determination of any such fees, expense reimbursements and other related terms in the applicable agreement with the portfolio company because the Fund indirectly bears the cost of the payment or reimbursement, but MDP will determine the amount of such payment or reimbursement.

## **Expenses**

### **Adviser Expenses**

To the extent provided in the Governing Documents of the Funds and except as described below as a "Partnership Expense" or as described in Item 6 below as "Carried Interest", MDP is responsible for paying certain ordinary overhead and administrative expenses, including salaries, rent and equipment expenses, and ongoing legal and consulting costs and expenses incurred in connection with preparation of MDP's Form ADV and costs of any SEC examination of MDP as a registered investment adviser. In addition, MDP typically bears the cost (through an offset against the Management Fee) of: (a) organizational costs that exceed a negotiated cap (commonly referred to as the "excess organizational costs") and (b) placement fees (but not expenses) payable to any placement agent in connection with the formation and/or marketing of the applicable Fund. MDP is not responsible for (i) Fund partnership expenses or (ii) organizational expenses of a Fund that fall below the cap agreed to with investors.

### **Partnership Expenses**

Pursuant to the Governing Documents of the applicable Fund, each Fund will bear all fees, costs, expenses, liabilities and obligations relating to the Fund and/or its activities, business, portfolio companies, or actual or potential investments, including with respect to any entities formed to effect the acquisition and/or holding of a portfolio company, to the extent not borne by its portfolio companies or MDP (as described under "Adviser Expenses" above), including those fees, costs, expenses, liabilities and obligations relating or attributable to:

- activities with respect to structuring, organizing, identifying, sourcing (including meetings with consultants, broker-dealers, investment banks and other sources of investments), negotiating,

consummating, diligencing or researching (including an allocable portion of any research or other service that is deemed to be bundled for the benefit of such Fund, as well as information technology systems used to obtain such research and other information, including data and information service subscriptions, subscriptions to databases or research services, related systems and services from data providers, and data management software), bidding on, owning, acquiring, financing, re-financing, holding, monitoring, hedging, foreign exchange or other currency transaction, trading, managing, operating, valuing, dissolving, winding up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, such Fund's portfolio companies and their actual and potential investments (including follow-on investments), or in seeking to do any of the foregoing (including any associated fixed, project-based or time-based, retainer, commissions, transaction, or success-based fees (including any termination or settlement payment with respect thereto), other fees and expenses payable to advisors or other professionals in connection therewith (including legal fees and expenses of one or more lead investors incurred in connection with the negotiation and execution of transaction documents and/or the governing documents of an investment vehicle) as well as any fees and expenses related to transactions offered to co-investors), organizing, maintaining, administering, operating, restructuring and negotiating joint venture arrangements, whether or not any contemplated transaction, joint venture or project is consummated and whether or not such activities are successful,

- indebtedness of, or guarantees (including any credit facility, letter of credit or similar credit support), including payment of fees and expenses, and repayment of principal and interest or reimbursement of expenses with respect thereto, or seeking to put in place any such indebtedness or guarantee,
- broker, dealer, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, financing sources, finder and similar services (including private placement fees and sales commissions),
- brokerage, sale, custodial, depository, depository (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive (including any implementing national laws, rules or regulations and amendments thereto, "AIFMD")), trustee, record keeping, registered agent, service of process agent, account, other functions (as required), including, without limitation, compliance with the Swiss Collective Investment Schemes Act (the "CISA") and the Swiss Financial Services Act (the "FinSA") (including, without limitation, the appointment of a Swiss representative and paying agent) and similar services,
- legal (including legal fees and expenses incurred in connection with MDP's compliance with the Advisers Act (other than expenses expressly described in "Adviser Expenses" above) and the AIFMD, and regulatory proceedings or investigations relating to such Fund), accounting, research (including expert networks), actuarial, auditing, administration (including fees and expenses associated with any third-party administrator), appraisal, valuation and valuation support (including fees paid to third party valuations, fairness or solvency opinions, agents, appraisals or pricing services), consulting (including compliance consultants (other than the

expenses expressly described in “Adviser Expenses” above) and consultants performing services as part of an investment or investment strategy initiative), advisory, environmental, social and governance, regulatory, tax, industry and subject-matter experts and other professional services, including Consulting Fees and Expenses, retainer fees, fixed fees, termination or settlement fees and other compensation, reimbursement of expenses paid to industry advisory group members for services and costs and expenses incurred in connection with the engagement of any of the foregoing service providers,

- reverse break-up, indemnification, damages, termination and other similar costs and fees, including any such costs and fees related to transactions that might have been or were offered to coinvestors,
- financing, commitment, origination and similar fees and expenses (including expenses of loan servicers and similar service providers) and the costs and expenses incurred in obtaining, negotiating, entering into, effecting, maintaining, varying, amending, extending, refinancing or terminating such borrowings and commitments and interests arising therefrom,
- insurance (including directors and officers liability, general partner liability, management liability, cybersecurity, errors and omissions liability, representation and warranty, end of fund, transaction indemnity and crime coverage premiums and other insurance (including any costs and expenses related to any retention or deductibles and broker fees, costs, taxes and commissions)), and any consultants or other advisors utilized in connection with any such insurance policies and expenses related to actual or potential claims, actions, negotiation, enforcement or collection of insurance claims,
- filing, title, transfer, survey, registration and other similar fees and expenses,
- printing, communications, mailing, courier, marketing and publicity,
- the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedules K-1 and K-3 or similar forms or other communications with investors, administrative, compliance or regulatory filings, information, or reports (including Form PF and any Fund-related filings or reports contemplated by AIFMD, Bureau of Economic Analysis Reports, the CISA, the FinSA, the EU’s regulation on sustainability-related disclosures in the financial services sector (“SFDR”) and/or the EU Taxonomy Regulation or any similar law, rule or regulation of any jurisdiction, including any related notifications, filings, registrations, reporting or other compliance requirements),
- compliance with the “U.S. Foreign Account Tax Compliance Act” (FATCA) and any similar law, intergovernmental agreement or other legal or administrative requirement promulgated or agreed to by any jurisdiction, including the Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard) of the Organisation for Economic Co-operation and Development,

- expenses associated with developing, licensing, acquiring, implementing, maintaining, administering, or upgrading any information technology (including without limitation any web portal, extranet tools, software, including specialty and custom software) used to facilitate legal entity management, investment opportunity tracking, investor diligence, investor account maintenance, investor reporting (including making capital calls from and distributions to investors and the preparation, printing, and physical or electronic distributing of such reporting), accounting (including accounts payable and billing), compliance, administration, or other administrative or reporting tools (including subscription-based services), data collection and management, and maintaining the books and records of a Fund, including any related internal costs that the Adviser may incur to produce any such books and records or external costs for a third-party administrator to maintain and oversee a Fund's books and records,
- any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including responding to and compliance with any public records access or personal data protection laws or regulations and including any costs and expenses incurred in connection with the EU Data Protection Law or FOIA),
- activities or proceedings of the Fund's limited partner advisory board ("Advisory Board") and Advisory Board expenses, including legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the Advisory Board and other expenses incurred in connection with Advisory Board action (and including out-of-pocket expenses for Advisory Board members, the Adviser, permitted observers and other persons attending or otherwise participating in such meetings),
- indemnification (including legal and any other fees, costs and expenses incurred or advanced in in defense or settlement of any claim),
- actual, threatened or otherwise anticipated litigation or governmental inquiry, investigation or proceeding, mediation, arbitration or other dispute resolution process, including costs and expenses related to discovery and for any judgment, fines, other award or settlement entered into in connection therewith,
- the Management Fee (as described above),
- any taxes, fees, duties, penalties and other governmental charges levied against such Fund (including any entity-level taxes imposed on, with respect to, or otherwise borne by the Fund to the extent not allocated to one or more limited and general partners), and expenses incurred in connection with any tax audit, inquiry, investigation, settlement or review, and any costs and expenses of or related to the "partnership representative" of the Fund,
- the annual limited partner meeting and any other conference or meeting or webcast with any current or prospective limited partner(s) (regardless of whether all such current or prospective limited partners are invited to participate or attend and regardless of whether other parties such as lenders, bankers, attorneys and other advisors or investors, in each case whether current or



prospective, are also invited to attend), and expenses relating to meetings or conferences with one or more current or prospective limited partners,

- any fee, cost, expense, liability or obligation relating to any alternative investment vehicle (including the controlling entities of such alternative investment vehicle) or its activities, business, portfolio companies or actual or potential investments, any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles on behalf of certain investors, and other costs and expenses related to the structuring and restructuring of any Fund-related entity,
- termination, liquidation, winding up or dissolution of indirectly and directly owned legal entities (including portfolio companies and related entities),
- defaults by partners in the payment of any capital contributions,
- compliance with laws, rules, regulations, policies, directives or special measures (including those that relate to privacy, data protection, know-your-customer, anti-money laundering, sanctions, anti-terrorism or environmental, social or governance considerations (including the AIFMD, the SFDR and/or the EU Taxonomy Regulation) and regulations, including regulatory filings as they relate to the Fund's activities (including antitrust laws and the EU's foreign subsidies regime and including such filings that result from MDP's activities) and out-of-pocket costs and expenses, if any, associated with any third party examination or audit (including similar services) of a Fund or MDP that are attributable to the operation of such Fund or requested by one or more investors in a Fund,
- amendments to, monitoring compliance with, implementation of and waivers, consents or approvals pursuant to, constituent documents (including side letter agreements (and any expenses incurred in connection with any "most favored nation" provisions therein or election process in connection therewith) and similar agreements) and any associated software or technology to assist in the compliance therewith, and to the extent relating to a General Partner or its ultimate general partner and/or their respective activities, the constituent documents of such General Partner and its ultimate general partner, including in each case the preparation, distribution and implementation thereof and including costs and expenses incurred in connection with the most-favored nations side letter process,
- unreimbursed costs and expenses incurred in connection with a transfer or proposed transfer, name change, internal restructuring or change in registered agent, trustee or custodian,
- any Organizational Expenses,
- establishing, implementing, diligencing, assessing, monitoring, reporting on, maintaining and/or measuring the impact of ESG-related policies, programs and initiatives with respect to a Fund or its investments or prospective investments, including without limitation all costs incurred in connection with ESG tracking tools, greenhouse gas assessments and any other assessments,

measurements, advice, reports, service providers or advisory services (including consulting, advisory and retainer fees, expense reimbursement and other compensation paid and benefits provided to advisors) conducted as part of establishing, implementing, diligencing, assessing, monitoring, reporting on, maintaining and/or measuring the Adviser's, its affiliates', a Fund's or its investments' or prospective investments' ESG policies and programs or otherwise designed to promote or a the Fund's or its investments' or prospective investments' achievement of ESG objectives,

- managing and facilitating stakeholder relationships, which may include attendance at or sponsorship of civic events in such communities, as well as contributions to charitable initiatives or other non-profit organizations, to the extent that MDP believes such activities could, directly or indirectly, enhance the value of the Fund's investments or otherwise serve a business purpose for, or be beneficial to, the Fund or its portfolio companies,
- expenses for conferences or forums for the CEOs, CFOs, CHROs, GCs, COOs and other management and executive personnel of the Fund's portfolio companies (in each case including the costs related to set-up, speaker fees, honorarium, dining and entertainment), whether hosted by the Adviser, the Funds, a third party or otherwise,
- the allocable portion of overhead incurred in connection with services performed by personnel or employees of the Adviser or its affiliates that constitute services for or in respect of which Partnership Expenses or Organizational Expenses are borne by the Fund, including any applicable fees, costs and expenses contemplated by the foregoing. In connection with such services, MDP generally seeks to allocate costs for such activities to each Fund in proportion to the amount of benefit derived or generated for each Fund where practicable to do so based on Fund-specific work. However, for certain activity-based services (i.e., not Fund-specific services), MDP may not be able to allocate in proportion to the amount of benefit derived or generated for each Fund and as a result, the Funds will bear the costs for such activities,
- fees, costs, and expenses relating to the settlement or termination of any of the arrangements described above (including payments made for the early termination of a contract),
- any placement fees (which will ultimately be borne as agreed upon in the Governing Documents),
- any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board, and
- Travel and Travel-Related Expenses (including in connection with consummated and unconsummated investment and disposition opportunities) relating to the categories above,.

The fees and expenses described above are provided for informational purposes only and investors should carefully review the Governing Documents of the Fund for the applicable fees and expenses. A Fund also typically bears expenses (indirectly) as a result of the reimbursement by its portfolio companies to the Adviser of expenses similar to those listed above, including Travel and Travel-

Related Expenses, and entertainment (including those incurred in connection with add-on acquisition due diligence, board meetings or other events to which board members are invited, plant or site visits, training or team-building programs or events, portfolio company entertainment events and closing dinners). Please see the discussion above under “*Amounts Reimbursed by Portfolio Companies or Prospective Portfolio Companies.*”

Each Fund will typically bear “organizational expenses” which generally means all fees, costs, and expenses incurred in connection with the organization, structuring, funding and start-up of such Fund and its general partner, including Travel and Travel-Related Expenses, entertainment, advertising, printing, mailing, virtual data rooms, courier services, legal, consultants, advisors, know-your-customer, anti-money laundering, background checks, capital raising, accounting, depository, depository and regulatory compliance (including the initial notifications, preliminary registrations, filings and compliance contemplated by securities laws, the AIFMD, the CISA, the FinSA, the SFDR and the EU Taxonomy Regulation or any similar law, rule or regulation in any jurisdiction), and change in control and foreign investment filings, notices or consents and any administrative or other filings, including preparation of the Private Placement Memorandum, preparation of and negotiations with respect to the Governing Documents, presentations, diligence questionnaires, diligence reports, letters and other materials, marketing materials subscription documents, confidentiality agreements, and any side letters or similar agreements or marketing materials, and any out-of-pocket costs and expenses incurred by third-party placement agents (including Travel and Travel-Related Expenses), in each case to the extent permitted by the terms of the applicable placement agent agreement), finders or other persons performing similar services in connection with the organization, structuring and funding of the Funds. Expenses incurred in connection with any most-favored-nations side letter process may be an “organizational expense” or a “partnership expense” depending on the Governing Documents. Organizational expenses above an agreed upon cap are typically borne by the Adviser through an offset to the Management Fee.

In addition, MDP engages one or more service providers to perform certain functions in relation to the Funds, which services may include coordination of the Funds’ legal entity management function, legal services, anti-money laundering, sanctions and “know your customer” review and response, ESG services (including data collection and ESG strategy), accounting and finance services, execution and recordkeeping associated with applicable tax elections and filings and other books and records, support for the valuation process and investor correspondence, investor data management and reporting requests, as well as data collection required for various regulatory reporting which with the Funds are required or have elected to comply. In certain instances, employees of such service providers dedicate substantially all of their time to the Funds. These fees and expenses related to such service provider employees are borne by the Funds, even if there is some overlap in services provided by such service providers and Adviser personnel.

From time to time, the general partner of a Fund may create certain “special purpose vehicles,” “holding companies” or similar structuring vehicles for purposes of accommodating certain tax, legal, regulatory or other considerations of investors or the transaction (“SPVs”). In the event the general partner creates an SPV, consistent with the Governing Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization, formation, maintenance and dissolution as well as other expenses incurred for the benefit of the SPV, including overhead expenses (including, without limitation, rent, property taxes and utilities allocable to

workspaces). Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of legal, accounting and tax services) or other investors, may be borne by the Fund (and not such investors).

To the extent an Executive Team is retained by a Fund, prior to the time a transaction is consummated, the costs to retain such Executive Team and to source any potential investment (including overhead expenses, management or other fees, compensation, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company) are a Fund partnership expense. Once a transaction is consummated, the operating company and the holding company's costs and expenses (including compensation for their personnel, which compensation may include, among other things, salary, benefits, retainers, and/or profit or equity participation in the holding company (if any) or the underlying operating companies) are most commonly borne by the applicable company (although in some circumstances, such costs and expenses are borne by the Fund and its investors). Such costs and expenses are not Transaction Fees and will not offset the Management Fee.

Since the definition of Fund partnership expenses often differs from one Fund to another and continues to expand from Fund to Fund, investors should review the terms of the applicable Governing Documents and not rely on the summary provided above. The Fund partnership expenses as described above are subject to waiver or reduction by the Adviser in its sole discretion. To the extent the Adviser elects to voluntarily waive or reduce Fund partnership expenses, such election does not permanently modify the Adviser's right to charge such expenses in the future.

#### Co-Investment Vehicle or Co-Investor Expenses

A co-investment vehicle, or other similar vehicle and any related structuring vehicles, are often formed to facilitate the investment by investors alongside a Fund in connection with the consummation of a transaction. In the event a co-investment vehicle is created and the transaction closes, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred for the benefit of the co-investment vehicle. The co-investment vehicle typically also bears its pro rata portion of expenses (e.g., based on capital invested in the transaction) incurred by the Funds in the making of an investment (for example, due diligence expenses), and managing and selling such investment. However, in certain instances the Governing Documents of co-investment vehicles provide for expense caps, or MDP may otherwise determine that a co-investment vehicle should not bear certain organizational, formation or other expenses (including expenses with respect to any structuring vehicle (e.g., a "blocker") formed in connection with such co-investment vehicle), which may result in a Fund bearing more than its proportional share of such fees or expenses. MDP has determined that this non-pro rata allocation is fair and equitable under the circumstances due to other considerations, including without limitation, the timing of the transaction, benefit to such client(s) to have co-investors participate in a particular transaction and relative negotiating power between MDP and such co-investor for any particular transaction.

Unless the Adviser determines otherwise in its sole discretion and subject to negotiations with any particular co-investor, in general neither co-investment vehicles nor co-investors will bear any expenses related to a proposed but unconsummated transaction (including fees and expenses related to negotiating the governing documents of such co-investment vehicle as well as fees and expenses

described above) (collectively, “Unconsummated Deal Costs”), even if a co-investment vehicle and/or other structuring vehicle has been formed for the purpose of investing in the proposed transaction, if MDP has discretionary power over such co-investment vehicle, or if a co-investor has been identified, has conducted due diligence with respect to, or otherwise committed to invest in, the proposed transaction. For example, co-investors typically will not agree to share expenses with a Fund if a transaction is not consummated. Specifically, Consultants (which includes MDP executive partners and industry advisory group members) do not pay any Unconsummated Deal Costs incurred by the Funds. This is the case even if such persons are given opportunities to select which co-investments they want to make. As a result, Unconsummated Deal Costs generally are borne 100% by the Fund or Funds selected by the Adviser as proposed investors in such proposed transaction. As a general matter, Unconsummated Deal Costs are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment.

On occasion, MDP invites co-investors to evaluate a transaction prior to the signing of definitive agreements with a prospective portfolio company. MDP has in the past and may in the future (but is not required to) enter into expense sharing agreements with such co-investors. The terms of such expense sharing agreements are determined between MDP and such co-investor and may not be proportionate to the amount of the anticipated equity investment of each investor (and as a result, the Funds may bear a greater proportion of such expenses). For example, in certain instances, a co-investor may negotiate an expense cap with respect to such expense sharing agreement. MDP has determined that this non-pro rata allocation is fair and equitable under the circumstances due to other considerations, including without limitation, the timing of the transaction, benefit to such client(s) to have co-investors participate in a particular transaction and relative negotiating power between MDP and such co-investor for any particular transaction.

Without an expense sharing agreement, all of the Unconsummated Deal Costs are borne by the applicable Funds as determined by MDP to be fair and equitable. Unconsummated Deal Costs are often substantial and typically include, among other things, legal, accounting, advisers, and other third party expenses (including amounts payable to Consultants and other third parties), Travel and Travel-Related Expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for proposed investments (including commitment fees), underwriting fees and expenses in connection with arranging transaction-related insurance, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed but unconsummated transaction. In addition, Unconsummated Deal Costs may also include any break-up fees, reverse termination fees, topping, termination or other similar fees and collection costs with respect thereto, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs of onboarding (e.g., KYC) investment entities with a financial institution and expenses incurred in connection with any tax audit, investigation, settlement or review of the applicable co-investment vehicle.

Co-investment vehicles are not always created for each transaction that involves co-investors and, in such instances, the co-investors commonly purchase the same interests as the Funds (instead of interests in a co-investment vehicle). Legal and other costs that are incurred by the portfolio company in negotiating with such co-investors are generally borne by the portfolio company, similar to legal

costs incurred to negotiate and implement the debt financing and management equity terms for such transaction (and as a result, such expenses are ultimately borne by all investors in such portfolio company).

#### Allocation of Expenses

From time to time, MDP will be required to decide whether certain fees, costs and expenses should be borne by a Fund(s), portfolio company(ies), MDP and/or other parties (each an “Allocable Party”). Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the allocation process. Typically, where fees, costs and expenses are incurred for the benefit or as a result of one Allocable Party, (for instance in connection with regulatory, tax, accounting or similar requirements applicable to a particular Allocable Party), MDP will allocate 100% of such fees, costs and expenses to such Allocable Party, subject to the terms of the Governing Documents and the discretion of MDP.

The appropriate allocation among Allocable Parties, of fees and expenses (including fees and expenses incurred in the offering of the Fund, management of the Fund and its portfolio companies, and investment opportunities as well as Unconsummated Deal Costs and expenses that do not relate to a specific transaction, such as premiums for insurance) will be determined by MDP and its affiliates in their sole discretion, in each case using good faith and their best judgment, consistent with the Governing Documents of the Funds, as applicable, and may be made in arrears or in advance based on the information available at the time of the allocation determination. Such allocation requires judgments as to methodology and MDP’s methodology in allocating fees and expenses changes from time to time as circumstances evolve, market practices change and additional information is received. Notwithstanding the foregoing, the portion of an expense allocated to an Allocable Party for a particular service will not always reflect the relative benefit derived by such Fund from that service in any particular instance. As used herein, the term “Fund Investors” means investors in one or more Funds, including Affiliated Partners. As used herein, the term “Third Parties” means individuals and entities who are not current employees of Madison Dearborn Partners, LLC, and such term includes Consultants, joint venture partners, portfolio companies and directors, officers, employees and advisers of a portfolio company of a Fund and other advisers to MDP and/or the Funds. As used herein, the term “co-investor” includes Fund Investors and Third Parties.

In addition, a Fund will bear more or less of a particular expense based on the methodology used, and a Fund will bear more or less of a particular expense based on the number of Allocable Parties MDP selects to bear the expense in its initial allocation determination. When making expense allocation determinations, MDP generally will allocate an expense to one or more Allocable Parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocable Parties that were not in existence or otherwise identified as Allocable Parties at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases MDP may not re-allocate the expense to each such future Allocable Party, and such future Allocable Part(ies) will benefit at the expense of other Allocable Parties, including the Funds. In such circumstances, MDP will determine the allocation of such expenses in good faith using its best judgment and such expenses will be allocated to an Allocable Party in MDP’s reasonable discretion. Please also see “*Co-Investment Vehicle Expenses*” for further information about the allocation of expenses with co-investment vehicles.

As described in Item 11 below under “*Conflicts Related to Purchases and Sales of Investments*”, a Fund has in the past and is likely to in the future sell down an interest in its portfolio companies to co-investors (including a Co-Investment Vehicle). Subject to the applicable Governing Documents, MDP (on behalf of the Funds) is permitted to charge (or could decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs (including out-of-pocket interest costs) for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor. Subject to the applicable Governing Documents, MDP (on behalf of the Funds) has the discretion to determine the purchase price to be paid by such co-investors in such sell down, including at cost even when some period of time has passed (and MDP is able to consider a variety of factors in determining the purchase price, including, but not limited to, the effect of foreign currency fluctuations impacting such portfolio company investment).

There are also occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which such Allocated Funds participate or are expected to participate), including by making use of a credit facility (including a NAV Facility as defined below) to pay such expense. On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, which typically does not include interest, after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligations to reimburse the Payor Fund.

### **Carried Interest Payments**

Please see Item 6 below regarding “Carried Interest” payable by the Funds.

### **Brokerage Fees**

In the event that MDP chooses to use a broker or dealer for purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

With respect to each Fund other than certain co-investment Funds (i.e., an investment vehicle that is formed to invest in particular transactions alongside a Fund), a portion of the profits of each such Fund is distributed to its general partner as “carried interest” (the “Carried Interest”) based on parameters set forth in the applicable Governing Documents (for example, certain funds include investment performance hurdles that must be met before Carried Interest is earned). Each general partner of a Fund is a related person of MDP. Carried Interest paid by a Fund is borne by investors in such Funds, other than investors who are designated “Affiliated Partners” under the applicable Governing Documents. “Affiliated Partners” typically include current or former principals, employees (including senior advisors) and specified advisers (such as executive partners, industry advisory group members and current or former executives of MDP’s past or current portfolio companies) of MDP and certain other investors designated by MDP, and Carried Interest with respect to such investors is typically

waived. The payment of Carried Interest by a Fund (directly or indirectly) to its general partner reduces amounts that would otherwise be available for distribution to other investors in such Fund.

The payment by some, but not all Funds, of Carried Interest creates an incentive for MDP to disproportionately allocate time, services or functions to Funds paying or expected to pay Carried Interest or Funds paying or expected to pay Carried Interest at a higher rate, or disproportionately allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated at least in part by (a) certain limitations on the ability of MDP to establish new investment funds with primary investment objectives, strategy and scope that are substantially similar to those of a current Fund, (b) specified active investment periods for each Fund, (c) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (d) contractual provisions and procedures setting forth investment allocation requirements.

Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by MDP.

## **Item 7. Types of Clients**

MDP currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in such Funds. MDP or its personnel may provide investment advisory services or sub-advisory services to other funds or investment vehicles in the future, subject to restrictions in the applicable Governing Documents.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “accredited investors” as defined in Regulation D under the Securities Act, “qualified clients” as defined in the Advisers Act and/or “qualified purchasers” or “knowledgeable employees,” each as defined in the 1940 Act, and include, among others, public pension plans, corporate pension plans, endowments, sovereign wealth funds, fund of funds, asset managers, foundations, family offices and high net worth individuals. In some cases, service professionals or service providers to the Adviser, the Funds and/or portfolio companies are investors in a Fund.

MDP does not have a minimum size for a Fund.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis and Investment Strategies**

The Funds seek to achieve attractive returns through investments in a wide range of private equity, equity-related, and other transactions. The Funds seek to: (a) invest in businesses with tangible value appreciation opportunities and (b) partner with management to execute a value creation plan.

Prior to making an investment, MDP conducts an extensive review, diligence and analysis of a potential transaction. This analysis includes a review of the prospective portfolio company and its



industry in which it operates and a number of other parameters, including, but not limited to, whether the prospective portfolio company:

- Has a strong and defensible market position or a record of market innovation;
- Has a significant franchise or competitive advantage;
- Has a product line serving a diversified base of customers and growing markets; and
- Has prospects for achieving superior returns (after balancing risks) and liquidity for the Fund's investors within an approximate five-year time frame.

## **Risks**

Investing in private equity funds involves a substantial degree of risk. A Fund may lose all or a substantial portion of the value of its investments, and investors in a Fund must be prepared to bear the risk of loss of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include but are not limited to, the following (additional risks are described throughout this brochure, including under Item 11, "*Conflicts of Interest*"):

### **GENERAL RISKS**

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

*Future and Past Investments and Performance.* Newly formed Funds have no prior operating history or track record. The performance of the Principals' prior investments is not necessarily indicative of the Funds' future results. An investment in one Fund does not represent an interest in any investment or investment portfolio of any other Fund. There can be no assurance that the risk/return profile of an investment in one Fund will resemble that of any other Fund. On any given investment, loss of principal is possible. While MDP intends for the Funds to make investments that have estimated returns commensurate with the expected risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. In addition, a Fund's investments may differ from previous investments made by the Principals in a number of respects, including but not limited to, target return levels, level of risk associated with a particular investment, amount invested in a particular company, target industry sector, types of companies within a particular industry sector, amount and type of leverage used, structure, and holding period.

*Lack of Sufficient Investment Opportunities.* There can be no assurance that MDP or the General Partner will be able to identify, or that a Fund will be able to complete, portfolio investments that satisfy such Fund's rate of return objectives or, if completed, realize such investments for fair or attractive values. The business of identifying, structuring, and completing private equity transactions is highly competitive. Potential competitors include, but are not limited to, other investment funds, strategic industry acquirers and other financial investors. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will continue to be formed in the future.

Some of the Funds' competitors for investment opportunities may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partners, MDP, and their respective affiliates. MDP expects that competition for appropriate investment opportunities will remain high and may increase, which may increase the likelihood that the Funds will participate in auctions for investments, the outcome of which cannot be guaranteed. As valuations fluctuate, it may be difficult to identify appropriate targets and to determine the appropriate EBITDA multiple for such targets. As a result, the Funds may experience difficulty identifying and consummating investments, and the terms upon which investments can be made may be less favorable than obtained by any prior MDP Fund. To the extent that the Funds encounter significant competition for investments, returns to investors may decrease. In addition, it is possible that the Funds will not identify and consummate enough sufficiently attractive investments to fully invest their capital commitments. Regardless of the extent to which the commitments of the limited partners are invested, the limited partners will be required to bear through the Funds: (a) Management Fees during the investment period based on the entire amount of the limited partners' commitments (i.e., not just the amount of capital contributed) and (b) other expenses as described above and as set forth in the applicable Governing Documents, in each case, even if the Funds fail to make any investments.

*Reliance on the General Partner and Portfolio Company Management.* Investors will be relying on the ability of MDP, the General Partners and the Principals to identify and evaluate the investments to be made by the Funds. Control over the operation of the Funds will be vested with the Adviser, and the Funds' future profitability will depend largely upon the business, financial and investment acumen of the Principals and other employees of the Adviser. The loss or reduction of service of one or more of these individuals could have an adverse effect on the Funds' ability to realize its investment objectives. Other investment activities of the Adviser (to the extent not prohibited by the Funds' Governing Documents) may require such individuals to devote substantial amounts of their time to matters unrelated to a particular Fund, including the Adviser's existing or future investment activities, which poses conflicts of interest in the allocation of time of these individuals. Investors in the Funds generally have no right or power to take part in the control, management, direction or operation of the affairs of the Funds, and, as a result, the investment performance of the Funds will depend on the actions of the Adviser. In addition, certain changes in the Adviser or circumstances relating to the Adviser may have an adverse effect on the Funds or one or more of their portfolio companies, including potential acceleration of debt facilities. Although the Adviser will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that such companies can recruit or retain the talent that is needed or that the management of such companies will be able or willing to successfully operate a portfolio company in accordance with the applicable Fund's objectives.

*Possibility of Fraud and Other Misconduct of Employees and Service Providers.* Misconduct by employees of the Adviser, service providers to the Adviser or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include the failure to conduct appropriate and/or sufficient due diligence, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable

laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Adviser has controls and processes through which it seeks to minimize the occurrence of such misconduct and procures insurance to mitigate potential losses from such conduct. However, no assurances can be given that the Adviser will be able to identify and/or prevent such misconduct.

## **RISKS RELATING TO INVESTMENTS**

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

*Concentration of Investments.* The Funds will participate in a limited number of investments and may make several investments in one portfolio company, one industry or one industry segment or within a short period of time. The Funds are not required under their Governing Documents to proportionately invest across the various industry sectors. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry or the timing of the Funds' investments may substantially affect such Funds' aggregate return. Furthermore, to the extent that the capital raised by a Fund is less than the targeted amount, such Fund may invest in fewer portfolio companies and thus be less diversified. If the Funds co-invest with another Fund, an investor invested in such other Fund may have exposure to a single portfolio company through more than one Fund, which would increase the concentration of such investor's holdings with respect to such portfolio company.

*Bridge Financing and Over-Commitment.* The Funds are generally permitted to lend to portfolio companies on a short-term, unsecured basis or otherwise invest in a portfolio company with the expectation of a subsequent refinancing or syndication of a portion of such investment to co-investors or other persons or entities prior to or after the closing of such investment. In such a situation, the Funds will bear the risk that any refinancing may not occur and/or a sale of a portion of such investment may not be sold or may only be sold on unattractive terms. In such event, the Funds will likely have more risk associated with such investment or a larger overall investment in such portfolio company than originally anticipated (and reduced diversification). In addition, regardless of whether a portion of such investment is sold to co-investors or other persons or entities (including one or more co-investing Funds), the Funds making the initial investment could bear the entire portion of any reverse break-up or termination fees or other fees, costs and expenses related to such investment (including interest and financing fees) (which are borne by the investors of such Funds) which may be material. Please also see the discussion under Item 5 "*Co-Investment Vehicle Expenses*" and "*Allocation of Expenses*" for additional information about the allocation of such fees, costs and expenses.

*Leveraged Investments.* The Funds will often make use of leverage by having a portfolio company or intermediate entity incur debt to finance a portion of an investment. Leverage generally magnifies both the Funds' opportunities for gain and risk of loss from a particular investment. The cost, availability and other terms of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage or acceptable terms for such leverage. The availability of leverage also is subject to governmental and

regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company within a Fund cannot generate adequate cash flow to meet its debt service obligations, it may be required to immediately repay all outstanding indebtedness or may be required to renegotiate covenants and other terms with lenders, which may result in less favorable terms for such companies. An acceleration of a portfolio company's indebtedness could result in a bankruptcy filing, restructuring, recapitalization or liquidation by the portfolio company, and as a result a Fund may suffer a partial or total loss of capital invested in such portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, such Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest may not be rated by a credit rating agency or may be downgraded by a credit agency following the Funds' acquisition thereof. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company. If a portfolio company is unable to obtain favorable financing terms, refinance its indebtedness or maintain a desired or optimal level of financial leverage, the Funds may be required to make an additional investment in such portfolio company, which would result in the Fund holding a larger than expected investment in such portfolio company and the Fund may realize lower than expected returns from such portfolio company, which would likely adversely affect the Funds' returns. If a Fund is unwilling or unable to provide such additional investment to a portfolio company, the portfolio company may be in breach of its covenants and its indebtedness may be accelerated which could result in a bankruptcy filing, restructuring, recapitalization or liquidation. Any failure by lenders to provide previously committed financing could also expose the Funds to potential claims by sellers of prospective portfolio companies that such Funds may have contracted to purchase (e.g., claims for damages or the payment of a reverse break-up, termination or other similar fee if such Funds do not close such new investment, which would be a partnership expense and therefore ultimately borne by the investors of such Funds).

*Borrowing or Guarantees by the Funds; Use of the Funds' Credit Facility.* The Funds will often borrow money (in addition to leverage at the portfolio company level) pursuant to a revolving credit facility to bridge capital calls (also known as a capital call line). Capital call lines are bank loans that enable Funds to use borrowed money, rather than call investor capital, to make investments or pay partnership expenses and the Funds typically pledge the investors' uncalled capital as security. In addition, MDP may in the future cause a Fund and/or one or more subsidiaries of such Fund (including any holding entities below the Fund) to enter into fund-level "NAV" facilities (each such credit

facility, a “NAV Facility”). In connection with such transactions, MDP may pledge the Fund’s investments, including on a cross-collateralized basis, without taking into account the potential for non-pro rata investments by investors, including as result of any particular investor’s opt-out rights. The period of time that any such borrowing is outstanding is determined on a case-by-case basis and can be a few months or several years. The Funds’ use of capital call lines and/or NAV Facilities will be determined by the applicable General Partner, and the performance of the Funds are impacted by how the General Partner causes the Funds to utilize such facilities. The use of leverage by the Funds also will result in interest expense and other costs to the applicable borrower (e.g., lender facility fee) that may not be covered by distributions made to such applicable borrower or appreciation of their investments. The Funds often incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. An investor may also be required to fund amounts to repay credit facility borrowings, including NAV Facilities, even if such investor did not participate in the relevant investment(s) in connection with which such borrowings were incurred. NAV Facility lenders may foreclose on the Fund’s assets if the Fund fails to repay the amounts borrowed under a NAV Facility or experiences another event of default. If the applicable Fund disposes of investments in order to repay lender(s) at an inopportune time or on an expedited basis, it may not realize as much value upon such disposition as it would receive in connection with an orderly disposition or it may be required to dispose of investments at a loss on unattractive terms. To the extent that the Funds need to call capital to fund these borrowings, it may be done at an inopportune time (for example, to pay off the debt, the Funds may be required to fund equity into a portfolio company that is in covenant default or the value of the equity is impaired).

In addition, a Fund’s credit facility often allows portfolio companies to borrow funds (at varying levels of a portfolio company’s organizational structure) directly through such facility, with a guarantee from the Funds. The portfolio company borrowing can be for several purposes including, but not limited to, borrowing on terms more favorable than such portfolio company could otherwise obtain from other lenders, bridging a portfolio company debt refinancing, facilitating a dividend recapitalization, and bridging equity contributions or purchases from other affiliated or non-affiliated investors or other Funds. A portfolio company may be able to borrow through a Fund’s credit facility at interest rates that are below market, and such Fund is typically not compensated for access to such rates. Alternatively, such Fund may charge the portfolio company borrower higher interest rates than the interest rate that such Fund pays pursuant to such credit facility. The Funds also from time to time, guarantee a portfolio company’s debt or are liable for obligations relating to a portfolio company and in such situations, the Funds are not typically compensated for providing such guarantee or exposure to such liability. To the extent the Funds incur leverage either directly or indirectly (or provide such guaranties), such amounts are often secured by capital commitments made by the Funds’ investors and such investors’ contributions may be required to be made directly to the lenders instead of such Funds. The Funds would bear the sole liability for the borrowed funds in the event of a default, and as a result, such portfolio company and any of its other investors benefit from the credit risk taken by the Fund’s guarantee. Certain tax-exempt investors should note that the use of leverage by a Fund often causes the realization of “unrelated business taxable income” and the receipt of fees associated with such leverage can also result in “commercial activity income”.

Continuation Fund Transactions. There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other

transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank that results in a lead buyer (or lead buyer group) who agree to purchase all or a portion of one or more investments through a vehicle that is managed by MDP (i.e., a Fund) following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where MDP believes there is the potential for additional value generation. These types of auctions typically do not include any strategic buyers or private equity firms and as a result, the highest price may not be obtained. Where undertaken, existing limited partners are occasionally offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset(s) or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by MDP and its affiliates). However, certain of such transactions are expected to require a limited partner to invest additional capital, which results in a greater exposure to one or more particular portfolio companies, and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners who elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as a result of an in-kind distribution of the applicable interests (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Where co-investors (including Co-Investment Vehicles) historically have been invested in a portfolio company subject to a continuation transaction, there can be no assurance that they will retain the same investment rights in such portfolio company (e.g., no fees and/or no carry), or that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such transactions, MDP reserves the right to compel co-investors to receive cash, continue to hold an interest or to receive different election options in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. The sale of an investment to a continuation vehicle could result in certain limited partners, the General Partner of a Fund and/or MDP personnel (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all of the other limited partners of such Fund and otherwise taking actions with respect to such investments that are different than the actions taken by other limited partners. Continuation fund transactions involve the incurrence of material fees and expenses and such fees and expenses are commonly allocated among the selling Fund, the limited partner sellers, other sellers, the buying Fund, and may also be borne by the applicable portfolio companies, although the selling Fund and the limited partner sellers often bear a material portion of these fees. In addition, the selling Fund will bear all of these fees and expenses if the continuation fund transaction does not close. The final allocation of expenses is subject to negotiation with the lead buyer or lead buyer group, as applicable, who have conflicting interests with the selling Fund and selling partners with respect to the payment of such expenses. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant Fund advisory committee (or equivalent independent body) prior to the closing of the transaction, there can be no assurance that MDP will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of the Fund or any individual limited partner or group of limited partners. However, MDP reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. For additional information regarding such conflicts of interest, please see “*Conflicts of Interest*” and “*Cross-Transactions; Continuation Transactions; Portfolio Company Transactions*” in Item 11 below.

Projections. Projected operating results of a portfolio company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained or that the Fund will achieve its investment objective. Actual results may be significantly different from the projections and will depend on, among other factors, potential operational improvements, market opportunities, competitive dynamics, management capabilities, acquisitions, expansion of product lines or geography, future operating results, access to capital markets, financing costs, regulatory developments, general economic factors including market conditions which are not predictable and often have a material effect on the reliability of projections, any related transaction costs and the time and manner of the sale of a portfolio company, all of which may differ from the underlying assumptions on which the projections are based.

Recycling/Reinvestment. Under certain circumstances and subject to certain conditions, proceeds from the partial or complete liquidation of an investment will be retained and reinvested (or recalled for reinvestment) by the applicable General Partner as described in a Fund's Governing Documents. Accordingly, a limited partner may be required to fund an aggregate amount in excess of its committed capital during the term of a Fund, and to the extent such recalled or retained amounts are reinvested in portfolio investments, a limited partner will remain subject to investment and other risks associated with such portfolio investments.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may increase its investment in a portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under the applicable debt documents, pursuant to a commitment made prior to or following such initial investment, in connection with debt guaranteed by the Funds or for other reasons and whether structured as a purchase from the portfolio company or a purchase in a secondary transaction (i.e., from another equity or debt holder)). There is no assurance that any Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Where a Fund has made a commitment to make an additional investment in a portfolio company, market conditions may materially and adversely change between the time such commitment was made and the time such commitment is funded. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable credit documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company and/or the dilution of such Fund's ownership in a portfolio company if a third party or co-investor invests in such portfolio company.

Director Liability. Certain of the Funds will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which they invest. These representatives include employees and officers of the Adviser and under the Governing Documents, the Funds typically indemnify such persons in connection with their activities relating to such Funds (including involvement with their portfolio companies). Serving on the board of directors (or similar governing body) of a portfolio company exposes such Funds' representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with

respect to such liability, and the insurance that portfolio companies and the Adviser do obtain may be insufficient (whether due to coverage amount, policy terms or otherwise) to adequately protect officers and directors from such liability (and if not covered by insurance, such liability will be a Fund partnership expense). In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds' investment activities and portfolio companies.

Limited partners may have limited rights of action against MDP and its affiliates due to certain provisions in the Governing Documents. The Governing Documents typically contain provisions that, subject to applicable law, reduce, modify and/or eliminate duties that the General Partner would otherwise owe to the Fund and the limited partners. In addition, the Governing Documents typically provide that the General Partner, MDP and certain of their respective employees, officers, partners, members, shareholders, direct and indirect owners, managers, directors, agents, contractors and affiliates will be indemnified and held harmless from losses sustained from any act or omission in connection with the Fund's activities, subject to certain exceptions set forth in the Governing Documents, and may receive advances for any fees, costs and expenses incurred in the defense or settlement of any claim that may be subject to a right of indemnification. The application of the foregoing standards may result in limited partners having a more limited right of action in certain cases than they would have in the absence of such standards. As a result, the Funds may bear significant financial losses even where such losses were caused by the negligence of the General Partner and certain of its affiliates. Such losses may have an adverse effect on the Funds' returns to its investors. Any fees, costs, expenses (whether or not advanced) and other liabilities resulting from a Fund's indemnification obligations generally will be paid by or otherwise satisfied out of the assets of such Fund. In addition, if the assets of a Fund are insufficient to satisfy such Fund's indemnification obligations, the General Partner may be able to recall distributions previously made to the partners of such Fund, subject to certain limitations set forth in the Governing Documents.

Litigation; Regulatory Investigations and Actions. In the ordinary course of its business, a Fund and/or its portfolio companies may become subject to litigation (including regulatory enforcement actions) and/or regulatory investigations from time to time and, to the fullest extent permitted by law, the costs associated with such matters, including any fines or settlements, are paid for by such Fund and/or such portfolio company (which costs may be material). The outcome of such proceedings may materially adversely affect the operations of the Fund and/or its portfolio companies and may continue without resolution for long periods of time. Any litigation or regulatory investigations may consume substantial amounts of the General Partner's, the MDP Principals' and/or portfolio company management's time and attention, and that time and the devotion of these resources to these matters may, at times, be disproportionate to the amounts at stake.

Risks Relating to Conduct at a Portfolio Company. There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor portfolio companies on an ongoing basis or that any risk management procedures implemented will be adequate. In the event of fraud by a portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of an investment.

Effects of Bankruptcy. A Fund may invest or reinvest in companies that are or may become the subject of voluntary or involuntary bankruptcy, liquidation or similar proceedings under applicable laws.



These types of proceedings may result in the loss of all or part of the value of a Fund's investment in such company. Under certain circumstances, payments to the Funds (and therefore, the investors) may be reclaimed, including if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Co-Investments.* The allocation of co-investment opportunities could be made to one or more persons for any number of reasons on terms to be determined by MDP in its sole discretion, which may cause conflicts of interest with a Fund and Fund Investors. For additional information regarding the allocation of co-investment opportunities, please see "*Allocation of Co-Investment Opportunities and Secondary Transactions*" in Item 11 below. For additional information regarding the allocation of co-investment vehicle expenses, please see "*Co-Investment Vehicle Expenses*" and "*Allocation of Expenses*" in Item 5 above.

*Hedging Arrangements; Related Regulations.* The General Partner has and may in the future (but is not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures using hedging techniques. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to substantial counterparty risk, in that a counterparty may be unable or refuse to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. While such counterparty risk is primarily relevant in the OTC space, cleared derivatives also present certain risks, including the counterparty risk created by the potential insolvency at a Central Clearing House. Additionally, OTC contracts may expose the Funds to additional liquidity risks, if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. 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.

*Unfunded Pension Liabilities of Portfolio Companies.* As a result of its equity ownership, representation on the board of directors and/or contractual rights with respect to portfolio companies, the assets of a Fund could be exposed to claims by a portfolio company, its other security holders, its creditors or governmental agencies. In addition, if a Fund holds 80% or more of the interests in a portfolio company and such Fund is found to be a "trade or business" under the Employee Retirement Income Security Act of 1974 (ERISA), a court could find that the Fund is jointly and severally liability with the portfolio company for any withdrawal liability with respect to a multiemployer pension plan which the portfolio company withdraws or is deemed to withdraw from. There is also a risk that a Fund could be deemed to be part of a "partnership-in-fact" with certain co-investors based on joint investment and other activities. The U.S. First Circuit Court of Appeals held in a case that two private equity investment funds did not create an implied partnership-in-fact under tax law in their purchase and management of a portfolio company. As a result, pension fund withdrawal liability incurred as

part of the portfolio company's bankruptcy was not imposed against the investment funds. However, the U.S. First Circuit Court of Appeals did not challenge the "partnership-in-fact" theory or otherwise find that private equity investment funds could not (either alone or acting in concert) be liable for withdrawal liability at a portfolio company under different facts and circumstances. These risks are based on court decisions, statutes and regulations regarding ERISA control group liability and may change in the future.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Funds and their affiliates may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, including those relating to the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate (and such obligations to indemnify can survive for some period of time after the disposition of such investment). These arrangements may result in contingent liabilities, which would be borne by the Funds and, ultimately, its investors. In many cases, these liabilities survive the dissolution of the applicable Funds and the investors of such Funds will remain liable for such obligations (and in some cases, be required to return amounts previously distributed to such investors).

Dynamic Investment Strategy. The Funds are generally not restricted in terms of the percentage of its capital that can be invested in a particular industry. Subject to the terms of applicable Governing Documents, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner also may pursue investments outside of the sectors or regions in which the Principals have previously made investments, or discontinue investments in the sectors or regions in which the Principals have previously made investments (including during a Fund's investment period). There can be no assurance that the investment portfolio of a new Fund will resemble the portfolio of any prior Fund.

Control Investments. The Funds, either alone or together with co-investors, are expected to typically hold controlling interests in many of the portfolio companies in which they invest. The exercise of such control by the Funds may result in additional risks of liability for violations of governmental regulations (including securities laws), failure to supervise management or other types of liability in which the general limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer significant and material losses. Even when the Funds prevail in any such claims for liability, they may incur significant costs of defending against those claims.

Active Management. The Funds often take majority positions in a portfolio company, which may be alongside other investors, such as institutions, other pooled investment vehicles, and management. Depending upon the amount of equity owned by the Funds, any relevant contractual arrangements between a portfolio company and such Funds, and other relevant factual circumstances, such majority position could result in an extension of the ninety-day bankruptcy preference period to one year or longer with respect to payments made to such Funds. In addition, because of its equity ownership, representation on the board of directors, and/or contractual rights, the Funds may often be thought to

control, participate in the management of or influence the conduct of such portfolio companies. This could expose the assets of the Funds to claims by such portfolio company, its employees, its other security holders, its creditors, its customers, or governmental agencies.

*Non-Controlling Investments.* The Funds may hold minority stakes in privately held or public companies (including as a result of selling down or reorganizing a controlling interest). In such instances, the Funds may have limited liquidity rights and management and/or control rights with respect to the operation of such companies and may be entirely dependent on the decisions of the portfolio company and/or third-party investors. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate their interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of their minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Funds, especially in cases where the interests of the other investors in, or management of, such company have different business and investment objectives and goals.

In addition, the Funds may co-invest with other persons or entities through partnerships, joint ventures or other entities or arrangements as a co-venturer or partner (including another Fund). Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) a co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of such Fund; (ii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iii) the co-venturer or partner may be in a position to take action contrary to a Fund's investment objective; (iv) the co-venturer's or partner's approval rights with respect to major decisions concerning the management and disposition of the investment may increase the risk of deadlocks or unanticipated exits from an investment (and such deadlock could delay the execution of the business plan for the investment, require a Fund to engage in a buy-sell of the venture with the co-venturer or partner, conduct the forced sale of such investment, or require alternative dispute resolution in order to resolve such deadlock); (v) the co-venturer or partner may take actions that subject the investment to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances a Fund may be liable for actions of its co-venturers or partners. The co-venturer or partner may also be entitled to receive payments from, or performance-based compensation (e.g., Carried Interest) in respect of, such investments, and in such circumstances, any such amounts will not be for the benefit of a Fund (and will not reduce the Management Fee).

*Non-U.S. Investments and Operations.* The Funds often invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments or companies that have non-US operations, involve certain considerations not typically associated with investing in U.S. securities and instruments and operations, including risks relating to: (i) currency exchange matters (as discussed in further detail in the following Risk Factor); (ii) exposure to fluctuations in interest rates payable; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets (including potential price volatility in, and relative illiquidity of, certain non-U.S. securities markets); (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and

disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks (including potential exchange control regulations, restrictions on non-U.S. investment and repatriation of capital, and the risks of political, economic, governmental or social instability (including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation)); (vii) the possible imposition of non-U.S. taxes (including withholding taxes) on income, gains and gross sales or other proceeds recognized with respect to non-U.S. securities or instruments (including the imposition of such taxes as a result of the formation by the General Partner of an alternative investment vehicle outside of the United States); (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Funds and/or certain investors (including as a result of the formation by the General Partner of an alternative investment vehicle outside of the United States); (x) differing and potentially less well-developed or well-tested corporate laws, including those regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment (including enhanced legal and regulatory compliance); (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

Additionally, the Funds may be less influential than other market participants in jurisdictions where it, the General Partner, and/or MDP does not have a significant presence, and it may have greater difficulty enforcing its legal rights in a non-U.S. jurisdiction. Furthermore, certain of the Funds' investments may be subject to brokerage taxes levied by non-U.S. governments, the effect of which would be to increase the cost of such an investment and reduce the realized gain (or increase the realized loss) on such an investment at the time of its disposition. While the General Partner intends, where it deems appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks and to take these factors into consideration in making investment decisions for the Funds, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets that are held in non-U.S. jurisdictions.

*Non-U.S. Currency Risks.* Although many of the Funds' investments are expected to be U.S. dollar denominated, an investment that is denominated in a non-U.S. currency is subject to the risk that the value of the particular currency in which such investment is denominated will change in relation to one or more other currencies, including the U.S. dollar, which is the currency in which the books of the Funds will be kept and contributions and distributions generally will be made. Among the factors that may affect currency values are trade balances between nations, short-term interest rates, variations in the relative value of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. The Funds and/or the portfolio companies may incur costs in converting investment proceeds from one currency to another. The General Partner may, but it is under no obligation to, employ hedging techniques to manage currency exchange exposure, although there can be no assurance that such techniques will be effective. Interests in the Funds are denominated in U.S. dollars, and investors in any country in which U.S. dollars are not the local currency should note that changes in the exchange rate between the U.S. dollar and such local currency may have an adverse effect on the value, price or income of an investment in the Funds. Foreign exchange regulations may be applicable to investments in certain jurisdictions. Any fees, costs and expenses incurred by a non-U.S. investor in converting its local currency to U.S. dollars in order to make capital contributions to the Funds will be borne solely by such non-U.S. investor, will be in

addition to the amounts required to be contributed, and will not be part of the commitment of such non-U.S. investor.

*Growth Equity and Certain Other Transactions.* The strategy of many of the Funds includes targeting growth-equity investments and investments in specified industry sectors. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Investments in certain industries and purchases of a division of a company also involve a high degree of business and financial risk and can result in substantial or total loss. These risks may be more acute with growth-equity, divisional purchases, and certain industry sectors such as healthcare and government contracting businesses. Portfolio companies often face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Purchases of a division from a company involve risks that are different than a purchase of an entire company, such as the need to immediately recruit new executives, transition functions (e.g., accounting, legal, tax, human resources, information technology), and develop new processes and procedures, all of which take time and expense. Companies in which the Funds invest could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, an economic downturn or unanticipated changes in the industry or business models. The Funds' portfolio companies (especially those that are growth-equity) may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support their business (including additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources).

*Risks in Effecting Operating Improvements.* The success of the Funds' investment strategy (and targeted rate of return for an investment) is likely to depend, in part, on the ability of the Funds, the Principals and portfolio company management to effect improvements in the operations of certain portfolio companies (including the implementation of synergies within the portfolio company or between such portfolio company and an acquisition target of such portfolio company). Identifying and implementing operational improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key portfolio company personnel and disrupt normal business. There can be no assurance that the Funds and the Principals will be able to successfully identify and implement such improvements.

*Risks Relating to Due Diligence of Potential Investments.* Before making an investment, the General Partner will often conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to such investment. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and the General Partner often relies on the advice received from such third parties. Further, from time to time, the General Partner is required to undertake investment analyses and decisions on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partner at the time an investment decision is made may be limited, and the General Partner may not have access to detailed information regarding the investment. The due diligence investigation carried out with respect to any investment opportunity is unlikely to reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an

investigation will not necessarily result in an investment being successful or even ensure a return on invested capital. Further, a General Partner may assume the risks of not obtaining certain consents or waivers under contractual obligations and/or assume the risks of not obtaining regulatory consent (e.g., where the applicable Funds agree to pay a reverse break-up fee to the target company in the event regulatory consent is not received). While the Adviser expects to negotiate purchase price adjustments, termination rights and other protections with respect to such risks, such rights may not be available or, if available, the Adviser may elect not to exercise them.

*Adequacy and Availability of Insurance; Catastrophic Events; Climate Change.* The Funds' portfolio companies often utilize insurance and other risk management products (to the extent available on commercially reasonable terms) to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance. However, it may not always be practicable or feasible for portfolio companies to have prudent insurance and other risk management products. Moreover, it will not be possible to insure against all such risks, and insurance proceeds received may be inadequate to completely or even adequately cover losses incurred. Certain losses of a catastrophic nature such as those caused by wars, earthquakes, hurricanes, tornadoes, floods, terrorist attacks, cyber attacks, public health emergencies, or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact the portfolio company's and/or the Funds' profitability. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. As a result of these impacts from climate-related events, the Funds may be vulnerable to risks of property damage to the Funds' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing. It is unlikely that any of the Funds' investments will be insured against damages attributable to acts of terrorism or public health emergencies (or certain other losses of a catastrophic nature). If a major uninsured loss were to occur with respect to an investment, the Funds could lose both its capital invested in, and anticipated profits related to, such investment.

The Funds may seek to obtain representation and warranty insurance in connection with certain transactions in an effort to insure against losses from breaches of representations or warranties in the agreements related to such transaction. In particular, the General Partner may use such insurance in lieu of conducting more comprehensive due diligence when the Funds participate in a competitive bid process. Representation and warranty insurance could result in the Funds bearing, directly or indirectly, additional costs and expenses and may not be a complete substitute for direct recovery against the counterparty to such transaction. Additionally, the market for representation and warranty insurance continues to evolve and insurers may include material coverage exclusions in any policy

and/or not be able to adequately cover losses, particularly following an event that broadly affects the industry.

*Public Company Holdings, Material Non-Public Information and Confidential Information.* The Funds often evaluate transactions involving publicly traded issuers (e.g., taking a public company private, investing in publicly traded securities or a PIPE transaction or selling publicly traded stock of a portfolio company). Public company investments and transactions subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, increased likelihood of shareholder litigation and insider trading allegations against the Funds or such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

Further, in the course of identifying investment opportunities or monitoring portfolio companies, MDP personnel often acquire confidential or material non-public information (including through expert networks). The Adviser seeks to avoid inadvertently obtaining material non-public information from expert networks and has therefore implemented policies and procedures to mitigate the risk that the use of expert networks could result in the receipt of material non-public information by MDP investment professionals. Where MDP personnel are in receipt of material non-public information or certain confidential information, the Funds will not be free to act upon such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

*Distressed Investments.* The Funds may invest or reinvest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Funds may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Funds invested.

*Investments Longer than Term.* In general, the Funds have a ten-year term, subject to an ability to extend such term pursuant to the Governing Documents. It is possible that at the end of the term (as extended, if any), a Fund will still have interests in a portfolio company or have liabilities that may not be resolved. The General Partner has a limited ability to extend the term of the Funds, and the Funds may be required to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of its dissolution. To the extent that such investments are held in trust in connection with the Funds' dissolution, such trusts may incur operating and formation expenses. In addition, there

can be no assurance with respect to the timeframe in which the Funds' winding-up and final distribution to the investors will occur.

## **RISKS RELATING TO LAWS AND REGULATIONS**

*Impact of Government Regulation, Reimbursement, Contracting and Reform.* The Funds and their portfolio companies operate in highly regulated environments and are subject to extensive legal and regulatory requirements and limitations; such regulations and burdens of regulatory compliance directly impact their businesses and could have a material adverse effect on, the Funds and such portfolio companies. Specifically, certain industry segments in which the Funds invest, including various segments of the healthcare, financial services, education, basic industries, outsourced governmental services and telecommunications industries, are (or may become) (a) highly regulated at both the federal and state levels in the United States and internationally, (b) subject to frequent regulatory change and (c) highly dependent upon various government (or private) reimbursement programs and/or the availability of funding for government awarded contracts. The laws and regulations relating to certain industries, including, in particular, the healthcare, financial services, education, basic industries, outsourced governmental services and telecommunications 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 the Funds invest. By way of example, the healthcare, education, and financial services industries have been, and will likely continue to be, significantly impacted by legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced from time to time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which the Funds invest.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* Enhanced governmental and public scrutiny and/or increased regulation of the private equity industry is likely to continue. 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.

The combination of scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may incur greater expenses or delays in completing or exiting investments in an investment than it otherwise would have. Increased scrutiny and potential legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the General Partner and may divert time and attention from portfolio management activities, and numerous regulatory initiatives have been launched and significant legislation has been enacted as a result of the severe global market volatility and dislocations, financial institution failures and defaults and large financial frauds that occurred during



the 2008 global financial crisis. U.S. regulators, including the U.S. Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have also warned banks against leveraged lending that load companies with large amounts of debt. Regulation generally, as well as regulation more specifically addressed to the private equity industry, including tax laws, antitrust laws, consumer protection laws, and related regulation, whether in the U.S. or outside of it, could further increase the cost of acquiring, holding or divesting investments and the cost of operating the Funds, as well as harm the profitability of enterprises and interfere with the ability of the Funds to engage in certain transactions. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

In addition, certain legislation proposing greater regulation of the industry is periodically considered by Congress, as well as the governing bodies of various jurisdictions and governmental agencies. For example, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has enacted a number of new rules that impose significant changes on private fund advisers and their management of private funds (discussed in further detail below), and the SEC is expected to propose additional changes in the future. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the General Partner, the markets in which they trade and invest or the counterparties with whom they do business may be instituted in the future. Any such litigation, investigation or regulation could increase costs for the Funds and have a material adverse impact on the profit potential of the Funds.

*Recent Regulatory Developments for Private Funds and their Advisers.* In recent years, the SEC has proposed and adopted, and continues to adopt, various changes to the rules relating to private funds and their advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the “Private Funds Rules”) under the Advisers Act specifically related to advisers of private funds.

The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. The Private Funds Rules, in addition to any other new rules adopted by the SEC, are expected to significantly impact the business of MDP and its affiliates, a Fund and/or its investments. As a result of the new rules, MDP may be restricted or refrain from providing information regarding a Fund in response to investor requests. MDP will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in a Fund (i.e., all side letter terms), without regard to any most favored nation provision. This may ultimately impact MDP’s decisions with respect to agreeing to certain preferential rights. The Private Funds Rules include certain audit requirements, which may require MDP to select a different auditor or obtain an additional audit, even if MDP does not believe it is in the best interest of a Fund or its investors to do so. Further, many provisions of the Private Funds Rules require MDP to make a variety of subjective determinations as to whether and how such rules apply to a Fund and MDP’s related obligations. MDP will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a Fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. MDP’s and a Fund’s compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. MDP also will be subject to increased risk of exposure to additional regulatory

scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Funds Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact a Fund's reputation as well as its investment activities, thereby materially reducing returns to investors.

Several trade groups representing private fund managers have filed a legal challenge to the Private Funds Rules and other legal challenges to the Private Funds Rules may be forthcoming. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds.

*Monetary Policy and Governmental Intervention.* Actions by the Board of Governors of the U.S. Federal Reserve System and certain non-U.S. central banks, including changes in policies and taking other actions to stabilize markets, combat inflation and/or encourage economic growth, may have a significant effect on interest rates, inflation and on the U.S. and world economies generally, which in turn may affect the performance of a Fund's investments on an absolute and/or relative basis. Inflation and rapid fluctuations in inflation rates have recently had, and may continue to have, negative effects on the economies and financial markets (including securities markets) of various countries.

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

From January 1, 2021, EU laws ceased to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the UK on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Funds and their investments. Such changes could be materially detrimental to investors.

Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Adviser to manage, operate and invest the Funds and increased legal, regulatory or compliance burden for the Adviser and/or the Funds, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Funds.

Areas where the uncertainty created by the UK's withdrawal from the European Union is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European

Union countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of a Fund's investments and the ability to achieve the investment objective of a Fund.

*Alternative Investment Fund Managers Directive and the UK Alternative Investment Fund Managers Regulations.* The AIFMD and the UK Alternative Investment Fund Managers Regulations 2013 (as amended pursuant to sections 2 and 3 of the European Union (Withdrawal) Act 2018 and the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018 (the "AIFM Law")) regulates the activities of certain private fund managers undertaking fund management activities or where fund interests are offered to or placed with investors in the European Economic Area ("EEA") and the UK.

If a Fund is offered to or placed with investors domiciled or having their registered office in the EEA or the UK: (a) such Fund, MDP, and the General Partner will be subject to certain reporting, disclosure (including information relating to a Fund's investments) and other compliance obligations under the AIFMD or the AIFM Law which will result in the Fund incurring additional costs and expenses; (b) the Fund, MDP, and the General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK (which jurisdictions may interpret the requirements imposed by the AIFMD in different manners), including the requirement to appoint a depositary in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses, delay the Fund's capital raising process and in turn reduce the speed with which MDP can deploy the capital raised, or otherwise affect the management and operation of the Fund; (c) MDP or the General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (d) the AIFMD or the AIFM Law will also restrict certain activities of such Fund in relation to EEA or UK portfolio companies including, in some circumstances, such Fund's ability to recapitalize, refinance or potentially restructure an EEA or UK portfolio company within the first two years of ownership, which may in turn affect the operations of such Fund generally. In addition, it is possible that some EEA member states will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those EEA jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of capital commitments.

As a non-EEA or non-UK AIFM, MDP or the General Partner is not required to comply with all of the requirements set out in the AIFMD or the AIFM Law. Accordingly, investors in a Fund will not receive the full protections or benefits available under AIFMD or the AIFM Law, which would otherwise be available to investors in an alternative investment fund managed by an alternative investment fund manager domiciled in or with its registered office in the EEA or the UK.

The AIFMD or the AIFM Law does not apply where an investor approaches MDP, the General Partner or a Fund to invest in, or request information on, such Fund at its own initiative (known as reverse solicitation). There is a risk that an EEA member state or UK regulatory authority or government may reach a different conclusion than MDP or the General Partner as to whether reverse solicitation applies and find that the AIFMD or the AIFM Law did apply to MDP, the General Partner or such Fund. Such a finding, or the finding of any other breach of the AIFMD or the AIFM Law may result in a regulatory or governmental authority or court in the relevant EEA member state or the UK requiring MDP, the General Partner or the Fund to return any capital or other funds to investors or otherwise seeking to

take other enforcement or remedial action against MDP, the General Partner and/or the Fund. This may result in a reduction in the overall amount of capital available to the Fund, which limits, in turn, the range of investment strategies and investments that the Fund is able to pursue and make or otherwise result in a loss to the Fund. The costs and expenses incurred in connection with complying with AIFMD or the AIFM Law or otherwise marketing the Fund to investors in the EEA or the UK will be expenses of the applicable Fund and thus be borne by all investors in the Fund.

Marketing in Non-U.S. and Non-EEA Jurisdictions. Some Funds will be marketed to investors in jurisdictions outside of the United States and the EEA. Such jurisdictions may impose additional regulatory obligations in connection with the offering of interests in, and the ongoing operation of, such Funds which may result in such Funds incurring additional fees, costs and/or expenses. The laws and local marketing practices in such jurisdictions may be complex, particularly for a U.S.-based private equity fund. Among other things, the Funds, MDP and/or their respective affiliates may (i) be required to make additional disclosure about a Fund and/or its partners, (ii) engage local counsel or other local agents, and/or (iii) pay filing or other offering-related fees and be exposed to potential penalties and other liabilities. Any fees, costs and/or expenses incurred by a Fund, MDP and/or their respective affiliates in connection with complying with any non U.S. and non-EEA regulatory regime or otherwise marketing a Fund to investors in jurisdictions outside of the United States and the EEA will be expenses of such Fund and thus borne by all investors of that Fund.

Sustainability Considerations. There are currently a series of initiatives at European Union (“EU”) level that are at varying stages of progress to implement the EU’s Action Plan on Financing Sustainable Growth (the “SFDR”). Compliance with the SFDR and other ESG-related rules is expected to result in increased legal, compliance, restrictions, reporting and other associated costs and expenses which will be borne by the Funds. Under such requirements the Funds may be required to classify itself against certain criteria, some of which can be open to subjective interpretation. The Adviser’s view on the appropriate classification may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. A change to the relevant classification may require further actions to be taken for example further disclosures may be required or new processes may be required to be set up to capture data about the Fund or its investments, which may lead to additional costs that are borne by such Fund.

Data Privacy and Data Protection Compliance. Privacy and data protection are receiving increased amounts of attention and scrutiny from regulators globally. The purpose of these laws is to increase the protection of individuals’ rights and freedoms in relation to their privacy and with respect to the collection, processing, storing, sharing and deletion of their personal data. Compliance with current and future data privacy and data protection laws and regulations could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Adviser’s, Funds’ and/or a portfolio company’s current or planned business activities.

For example, California has passed the California Consumer Privacy Act of 2018 (the “CCPA”), which was amended by the California Privacy Rights Act (“CPRA”), which took effect on January 1, 2023, and significantly expanded the CCPA’s data protection obligations. The CCPA imposes stringent legal and operational obligations on certain businesses. Additionally, if unauthorized access, theft or disclosure of a consumer’s personal information occurs, and the business did not maintain

reasonable security practices, consumers could file a civil action (including a class action) without having to prove actual damages. In addition, New York's Stop Hacks and Improve Electronic Data Security Act ("NY SHIELD Act"), came into full effect in March 2020, imposing potential penalties for businesses that fail to develop, implement and maintain reasonable protection for personal information. Other U.S. jurisdictions have similar laws either in place (e.g. Virginia, Colorado, Connecticut, and Utah), going into effect this year (e.g., Florida, Montana, Oregon, Tennessee and Texas) or are proposed to take effect in a later year (e.g., Delaware, Iowa, and Indiana).

The EU data protection law currently in effect is in the form of the General Data Protection Regulation (EU 2016/679) (the "GDPR"), which took direct effect across the EU member states on May 25, 2018. The GDPR has a significant impact on data controllers and data processors (i) with an establishment in the EU, (ii) that offer goods or services to EU data subjects or (iii) that monitor EU data subjects' behavior within the EU. The GDPR imposes more stringent operational requirements on both data controllers and data processors and introduces significant penalties for non-compliance, with fines of up to 4% of total annual worldwide revenue or EUR 20 million (whichever is higher), depending on the type and severity of the breach. The EU Commission's Regulation on Privacy and Electronic Communications, which aims to reinforce trust and security in the digital single market by updating the legal framework on electronic privacy, has been finalized and came into force in 2019. The Cayman Islands has a similar law in effect known as the Data Protection Law, 2017 (the "DPL").

The Adviser and the Funds may not be able to accurately anticipate the ways in which regulators and the courts will apply or interpret the privacy and data protection laws. In addition, because privacy and data protection laws are rapidly changing and there are new laws in different jurisdictions being implemented, it is difficult for the Adviser and the Funds to ensure compliance with all laws applicable to them at any given time. The failure by the Adviser or the Funds to comply with applicable privacy and data protection laws could result in negative publicity and may subject them to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities, or (actual or contingent) fines and penalties.

Compliance with these new laws also could cause the Adviser, the Funds' and their portfolio companies costs to increase and result in further administrative costs, which is likely to reduce capital that can be deployed for making investments. If the current trend in the development of such laws continues in other relevant jurisdictions, such costs may be exacerbated further as new or different compliance obligations arise. Similarly, if privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with the Adviser's or the Funds' expectations, that may result in business practices changing in a manner that adversely impacts the Adviser or the Funds. Moreover, if the Adviser or the Funds suffer a security breach impacting personal data, there may be obligations to notify government authorities or data subjects, which may divert the Adviser's or the Funds' time and effort and entail substantial expense.

These laws could also affect the value of the portfolio companies if they incur additional costs and restrict business operations. Similar to the above, failure by the portfolio companies to comply with applicable requirements may result in governmental enforcement actions, litigation, (actual or contingent) fines and penalties or adverse publicity, which could have an adverse effect on their and the Funds' reputation and adversely affect the business and the value of the Funds' investments in the portfolio companies.

*Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* The United States, pursuant to FATCA, has entered into numerous intergovernmental agreements with various jurisdictions concerning the exchange of information as a means to combat tax evasion. Many countries have entered into similar agreements with various jurisdictions. Other countries are also considering such agreements, and the Organisation for Economic Co-operation and Development has developed a worldwide tax information exchange standard pursuant to which many countries have now signed multilateral agreements for the exchange of information. One or more of such information exchange regimes are likely to apply to the Funds and/or any alternative investment vehicles, and may require MDP to collect and share with applicable taxing authorities information concerning investors, and in certain instances, information concerning the beneficial owners of investors (including identifying information and amounts of certain income allocable or distributable to them). In addition, FATCA generally imposes a withholding tax of 30% on a non-U.S. entity's share of certain payments attributable to investments in the United States, including dividends and interest, unless the non-U.S. entity complies with certain conditions or an exception applies. The regulations exempt certain categories of non-U.S. entities (including certain governmental investors and tax-exempt organizations and pension funds) from the requirement to register and report, but otherwise impose obligations on such entities to collect information concerning their account holders and in certain cases withhold upon payments to "recalcitrant account holders" and/or close their accounts. Failure to comply with the conditions of an applicable exception generally will result in the non-U.S. entity becoming subject to the 30% withholding tax on all of the withholdable payments to it.

*Tax Reform Risks; Changes in U.S. Federal Income Tax Law.* Tax law is subject to change and various historic and current legislative proposals could affect the Funds and the investors. Under current law, capital gains in respect of a General Partner's right to Carried Interest will be subject to a three-year "holding period" in order to be classified as "long term capital gains," while the corresponding holding period requirement with respect to capital gains that Fund Investors are allocated is one year. This carried interest holding period requirement could affect investment decisions, including the timing and structure of dispositions and other realization events, and could adversely impact returns for investors. For example, the holding period requirement may incentivize the General Partner to cause a Fund to hold an investment for longer than three years in order for the General Partner to obtain a preferential tax rate on Carried Interest, even if there are attractive realization opportunities prior to that time. A General Partner may also structure an investment or a transaction in a manner to mitigate or reduce the adverse tax consequences related to holding period requirements, which may cause the Fund to incur additional costs and expenses to implement. Further, there are currently administrative and legislative proposals to further change the tax treatment of "carried interest" in ways that may be adverse to partners in the General Partner. A General Partner and the Adviser may take these potential adverse consequences into account in their management and operation of the Funds and in addressing these adverse consequences, the interests of the General Partner and the Adviser, on the one hand, may diverge from the interests of the investors, on the other hand.

*Taxes in Excess of Distributions; "Phantom" or "Dry" Income.* The Funds are expected to be treated as a partnership for U.S. federal income tax purposes. Each investor will be taxed on its share of taxable income from the Funds, regardless of whether it has received any distributions from such Funds. Such taxable income is commonly referred to as "phantom" or "dry" income. Because of the nature of the Funds' investment activities, the Funds may generate taxable income in excess of cash

distributions to investors, and no assurance can be given that the Funds will make cash distributions to cover such tax liabilities as they arise. Accordingly, each investor should ensure that it has sufficient cash flow from other sources to pay all tax liabilities resulting from such investor's interests in the Funds.

*Tax Liability Considerations.* The General Partner, on behalf of the Funds, may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by a taxing authority, a Fund Investor might be found to have a different tax liability for that year than was reported on its federal income tax return. In addition, a taxing authority's audit of a Fund may result in a review of the returns of some or all of such Fund's investors, which examination could result in adjustments to the tax consequences initially reported by such Fund and affect items not related to an investment in the Fund. If such adjustments result in an increase in tax liability for any year, such Fund or one or more of such Fund's investors may also be liable for interest and penalties with respect to the amount due. The legal and accounting costs incurred in connection with any taxing authority's audit of a Fund's tax returns will be borne by such Fund.

*Pay-to-Play Laws, Regulations and Policies.* A number of U.S. states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to, and/or certain contacts with, certain officials by persons and entities seeking to do business with such governmental entities, including those seeking investments by public retirement funds. In addition, the SEC has adopted a rule that, among other things, prohibits an investment adviser from providing advisory services for compensation to a government client for two years after such investment adviser or certain of its executives or employees makes a contribution to certain elected officials or candidates. If MDP, a General Partner, any of their employees or affiliates, or any service provider acting on their behalf fails to comply with such laws, regulations or policies, such non-compliance may have an adverse effect on MDP, the Funds, and the General Partners. Fund Investors may also seek to pursue individual remedies, including withdrawal rights, which may be afforded in side letters or otherwise imposed by applicable law, regulation or policy.

*Sanctions Compliance Considerations.* Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict the General Partner, the Funds, the portfolio companies and their respective officers, directors and employees from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict the Funds' direct or indirect investment activities (and the applicable portfolio companies) in certain countries. The economic sanctions and related laws of different jurisdictions in which the Funds make investments also may conflict with one another, such that compliance with all applicable laws may be difficult. The costs of monitoring compliance with OFAC or other relevant sanctions can be significant. Failure by the General Partner, the Funds or any of the Funds' portfolio companies to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties, which in turn could materially and adversely affect the results of operations of the Funds and/or a portfolio company.

The United States, UK, and European Union issued sanctions against Russia and against certain foreign individuals and national leaders who supported Russia's invasion of Ukraine, including sanctions designed to target the Russian financial system. It is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation may present material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives. Material costs have been incurred to respond to these sanctions and to implement operational changes for those portfolio companies who have employees, customers, and/or service providers in this region.

*Anti-Corruption & Anti-Boycott Considerations.* The U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act ("UKBA") and other anti-corruption and anti-bribery laws, as well as U.S. anti-boycott regulations may impact the General Partner, the Funds and the Funds' portfolio companies. In recent years, U.S. regulators have been increasingly focused on private equity sponsors' compliance with the FCPA. Any determination that the Adviser, the Funds, the portfolio companies or any of their respective officers, directors or employees has violated the FCPA, the UKBA or other applicable anti-corruption laws, anti-bribery laws, or U.S. anti-boycott regulations, could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect the Funds' and the Adviser's business prospects, financial position and/or portfolio companies, as well as the ability to achieve its investment objective and/or conduct its operations.

*Antitrust Laws, Regulation and Enforcement.* The growth of the private equity industry and the increasing size and reach of private equity transactions has prompted additional governmental attention to the industry and its practices. Acquisition by the Funds of equity securities may result in reporting and compliance obligations under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the Clayton Antitrust Act of 1914, as amended, and other similar laws, rules and regulations in non-U.S. jurisdictions ("Antitrust Laws"). Compliance with Antitrust Laws could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating the Funds and the portfolio companies, require a portfolio company to divest of certain assets, require the Fund to remove MDP designated directors on its portfolio companies, and/or infringe upon the ability of the Funds and their portfolio companies to engage in certain transactions.

*EU Subsidies Regime.* In November 2022, the European Council adopted the new Foreign Subsidies Regulation (FSR) that applies to all economic activities in the EU. It is a new mandatory and suspensory notification obligation for transactions resulting in a concentration (merger, acquisition, JV), and meeting certain monetary thresholds. The European Commission will have the power to investigate financial contributions granted by non-EU countries to companies engaging in an economic activity in the EU and redress, if needed, their distortive effects. Compliance with these laws could significantly delay the closing of a transaction, lead to deal abandonment and increase the cost of operating the Funds and the portfolio companies.

*CFIUS & National Security/Investment Clearance Considerations.* Certain investments by the Funds that involve the acquisition or sale of a business connected with or related to national security or critical infrastructure may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators (each, an "FDI Regulator"). In the event of such review in connection with a Fund's



proposed investments or existing portfolio companies, there can be no assurances that such Fund will be able to maintain, or proceed with, such investments or sale of such portfolio companies on terms acceptable to such Fund. Any limitations or restrictions imposed by an FDI Regulator may prevent the Funds from maintaining or pursuing investments or sale transactions, which could adversely affect the Funds' performance with respect to such investments (if consummated) and thus the Funds' performance as a whole. In addition, certain of the Funds' investors are non-U.S. investors, and in the aggregate, are expected to comprise a substantial portion of the Funds' aggregate commitments, which increases both the risk that investments may be subject to review by FDI Regulators, and the risk that limitations or restrictions will be imposed by FDI Regulators on the Funds' investments. In the event that restrictions are imposed on any investment by the Funds due to the non-U.S. status of an investor or other related CFIUS or national security considerations, the General Partner may choose to restrict such investor's ability to invest in any such portfolio investment and further, if applicable, restrict such investor's rights to participate in or vote on certain decisions of the Advisory Board with respect to such investment. However, there can be no assurance that any restrictions implemented on any such investor will allow the Funds to maintain, or proceed with, any investment or sale of a portfolio company.

Portfolio companies for which approval by an FDI Regulator is being sought (including in connection with a Fund's initial acquisition, add-on acquisitions or a disposition), the Fund, portfolio company and a governmental entity could address perceived threats to national security or other relevant concerns through mitigation measures, including contractual undertakings with such governmental entity, board resolutions and proxy agreements. Such measures could include the disclosure of certain identifying information relating to some or all of the limited partners to the applicable regulator, and/or, in certain circumstances, filing requirements being imposed on one or more limited partners and/or co-investors.

## **RISKS RELATING TO ILLIQUIDITY AND DISTRIBUTIONS**

*Limited Transferability of Fund Interests.* There will be no public market for interests in the Funds, and none is expected to develop. There are substantial restrictions upon the transferability of interests in the Funds under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted other than in certain circumstances described in the Governing Documents. In addition, Fund interests are not redeemable.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when a return of capital or profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fees) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including without limitation, unfunded commitments.

A Fund's ability to dispose of investments may be limited for several reasons (some or all of which may be outside of such Fund's control), including the absence of an established market for such

investments, as well as contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms upon which a disposition could be made. Any possibility of a disposition in the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which the Funds invest and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors.

*In-Kind Distributions.* The Funds may make distributions in-kind (including of its portfolio company securities) to the extent permitted by the applicable Governing Documents (including as part of a continuation fund transaction). In the event an in-kind distribution is made, securities or other property distributed shall be valued and accounted for as provided in the applicable Governing Documents. Investors who receive portfolio company securities may liquidate such holdings within a short period of time, which could have an adverse impact on the price of such securities held by other investors. It may be difficult to liquidate such securities or property at a price or within a time period that is determined to be ideal by an investor. Specifically, an investor may not be able to sell such securities or other property at a price at which such shares were valued by the Adviser in the distribution. The value used to determine the applicable Carried Interest with respect to such distribution may be higher than the value obtained by an investor in a sale of the securities or other property received. Under the Governing Documents, Carried Interest is calculated on the gross value of the distribution (prior to taking into account any fees and expenses of selling the securities received in such distribution). Furthermore, securities or other property distributed in-kind may not be readily marketable or saleable and may have to be held by investors for an indefinite period of time.

*Valuation of Assets.* Generally, there will be no readily available market for a substantial number of the Fund's investments, and hence, most of the Funds' investments will be difficult to value. When estimating fair value, MDP will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments, which methodology may change over time, including with respect to a particular investment. MDP also considers other factors that provide an overall perspective on the value of the investment, including, but not limited to, current market and economic conditions (including with respect to volatility), revenue and margin metrics, original acquisition multiples, implied multiple from company-specific transactions, market multiples of comparable companies, third party offers, current and projected operating performance and risks, impact of fluctuations in foreign currency exchange rates, leverage ratios, debt covenant risk and reliability of pricing sources. The factors that MDP considers and the weight given to such factors is subject to MDP's discretion and may change over time, including with respect to a particular investment. Valuations are subject to multiple levels of review for approval and are valued in accordance with the principles set forth in MDP's Valuation Policy. As a general matter, investors will not have access to the details of MDP's valuation methodologies or to the information utilized by MDP in applying such methodologies. In addition, a Fund's Advisory Board reviews valuations on a quarterly basis and has the ability to contest valuations pursuant to the applicable Fund's Governing Documents. 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 will often differ from the prices at which such securities may ultimately be sold. Third party pricing information may at times not be available regarding certain of a Fund's assets. The exercise of discretion in valuation by MDP gives rise to conflicts of interest, because

valuations (including, for instance, determination of whether and when an investment should be permanently written down or written off (in accordance with the Adviser's procedures)) impact MDP's track record, Management Fees, and the amount and timing of distributions and/or giveback of Carried Interest, which incentivizes the Adviser to refrain from writing down or writing off investments. As a result, there will be circumstances where MDP is incentivized to determine valuations that could be higher than the actual fair value of investments. There can be no assurances that the value for a particular portfolio company will be obtained and actual results often vary significantly from the valuations.

### **RISKS RELATING TO THE GENERAL PARTNER'S RECEIPT OF FEES AND CARRIED INTEREST**

*Transaction Fee Acceleration or Settlement.* Agreements made with portfolio companies have in the past and may in the future require the acceleration or settlement of future Transaction Fees payable by a portfolio company at the sale or public offering of such portfolio company and an agreed upon value of such fees may be paid to the Adviser or its affiliates at such time. These fees may be substantial, particularly in the event such circumstances occur early in the life of a Fund's investment in such portfolio company. The calculation of the agreed upon value may be based on the expected hold period by a Fund of its investment in such portfolio company and such estimated hold period may be longer than the actual hold period of such investment (which would result in a higher amount being paid than would have otherwise been the case without the acceleration). The payment of these fees could benefit the General Partner disproportionately vis-à-vis its limited partners.

In addition, the Adviser or the General Partner may waive their respective rights to some or all of any such Transaction Fees after taking into account various factors, including the General Partner's assessment of (a) in the case of an initial public offering, how payment of such accelerated or settlement fee might affect the success of such offering and whether and the extent to which director fees will be paid to MDP active partners for their board services after such offering, (b) the portfolio company's financial condition and performance of the Fund's investment in such portfolio company, (c) the amount of fees (including such accelerated or settlement fee) received by other investors in such portfolio company and (d) the effect of such accelerated or settlement fee on the equity of or management's equity incentives in such portfolio company.

*General Partner's Carried Interest.* The fact that the General Partner's Carried Interest is based on a percentage of net profits creates an incentive for the General Partner to cause a Fund to make riskier or more speculative investments or to hold on to an investment longer or shorter than otherwise would be the case in absence of such performance-based compensation.

### **OTHER RISKS**

*Significant Adverse Consequences for Default.* The Governing Documents of the Funds provide for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting limited partner may be forced to transfer its limited partner interest in the Funds for an amount that is less than the fair market value of such limited partner interest and that may be paid over a period of up to ten years, without interest. If a limited partner fails to pay its commitment when due, and the

amount of capital contributions made by the non-defaulting investors plus any borrowings made by the Fund is inadequate to cover the defaulted capital contribution, such Fund may be unable to pay its obligations when due. As a result, such Fund may be subjected to significant penalties that could materially and adversely affect returns to its limited partners (including to non-defaulting limited partners).

*Dilution.* Investors admitted or who increase their respective capital commitments to the Funds at subsequent closings generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing investors in such investments. Although any such new investor generally will be required to contribute its pro rata share of previously made capital contributions and a yield thereon, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions. This dilution risk can result in conflicts of interest between the General Partner and limited partners, including but not limited to, unrealized investments that have appreciated in value and the General Partner's interests to increase Fund size and resulting Management Fees and additional Carried Interest potential.

*Transfer by General Partner.* To the extent the General Partner, its partners, the Principals and/or their respective affiliates commit to make a direct or indirect investment in or alongside the Funds, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Governing Documents.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world (e.g., the Russia-Ukraine conflict and the Israel-Hamas war), fear of terrorist activity and/or military conflicts, public health emergencies, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil in recent years. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. For example, in early 2022, in light of increasing evidence of inflation, the Federal Reserve raised the federal funds rate. Other non-U.S. governments and central banks have also increased interest rates and are expected to continue to do so. The Funds' investment activities are impacted by general economic and market conditions, such as interest rates, availability and spreads of credit, lack of price transparency, credit defaults, bank failures or receiverships, inflation rates, economic uncertainty, changes in tax, currency control and other applicable laws and regulations, trade barriers, and national and international political environmental and socioeconomic circumstances. Fluctuations in economic and market

conditions generally may reduce the availability of attractive investment opportunities for the Funds, the Funds' access to capital and the ability to utilize leverage, and may affect the Funds' ability to make investments, execute on the Funds' investment strategy, and the value of the investments held by the Funds. Among other things, the ability for a Fund and its investments to borrow on attractive terms may be adversely affected.

Market conditions may change substantially between the time of a Fund's initial investment in a portfolio company and the time of an exit or anticipated exit, and such changes in market conditions may materially and adversely impact the ability of MDP to implement its original investment plan with respect to such portfolio company. For example, a portfolio company may be unable to access the financing necessary to implement planned acquisition or capital expenditure activities. It is possible that investments with floating interest rate loans may become unable to meet their debt service obligations if their benchmark interest rates were to rise materially, or if these investments' lenders or debt holders generally are unwilling to extend or refinance their loans or debt securities on similarly attractive terms. A Fund may, as a result, also be required to invest additional equity into portfolio companies, raising the costs to the Fund of acquiring businesses and/or limiting the diversity of the overall portfolio. Such events could also put pressure on asset and equities prices, which in turn could affect the performance of the Fund and the companies in which it invests, or limit the ability of portfolio companies to refinance debt or pay dividends.

Higher inflation and rising input costs may also put pressure on a portfolio company's profit margins. For example, heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs. If a portfolio company is unable to increase its revenue in times of higher inflation, its profitability could potentially be adversely affected. A rise in interest rates would likely result in higher financing costs for portfolio companies and could therefore result in a reduction in the amount of cash available for distribution by a Fund. In addition to inflation, possible stagflation resulting in slow economic growth, on the one hand, and increasing prices for goods and services sold, on the other hand, could also have an adverse effect on the Funds and their investments.

Market disruptions in a single country could cause a worsening of conditions on a regional and even global level. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when MDP believes it is most advantageous to do so, or without adversely affecting the stock price. Volatility and illiquidity in the financial sector may have a material adverse effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in

the event such Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Funds to dispose of investments at prices that MDP believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding in support of its investment objective.

*Public Health Emergency and Coronavirus.* The extent of the impact of any public health emergency on the Funds and any of their portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The 2019 novel coronavirus ("COVID-19") has meaningfully disrupted the global economy and markets. COVID-19 has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. The full effects, duration and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

*Business Continuity Planning Risk.* In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, MDP may initiate its business continuity plan to ensure business continuity and safeguard employee access to the resources and technology necessary to continue their responsibilities and meet portfolio company and investor needs. The business continuity plan is evaluated to ensure that appropriate measures are put in place to manage any such catastrophic events. However, MDP is not able to predict the level of disruption that such catastrophic events may have on its operation or the ability of the plan to succeed in a time of crisis, such as the Firm's cloud technology providers also having disruptions with their services. The implementation of the business continuity plan could affect the ability of the Firm to operate effectively, including the ability of personnel to function, communicate and carry out the Funds' investment strategies and objectives. For example, MDP's ability to conduct due diligence on potential portfolio company investments and monitor its current investments could be limited until its operations are no longer disrupted. Thus, its business continuity plan may be insufficient to continue operating the Firm's business as usual. Similar types of operational risks are also present for the portfolio companies in which the Funds invest, which could have material adverse consequences for such companies and may cause the Funds' investments to lose value.

*Cybersecurity Breaches and Other Issues.* Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. There has also been an increase in the sophistication of the cybersecurity threats that MDP, its Funds' and their portfolio companies face, and malicious actors may target such entities because MDP, its Funds and their portfolio companies process, store and transmit information relating to the transactions of its Funds and portfolio companies, as applicable, and personally identifiable information regarding investors, employees, portfolio companies, portfolio company personnel, customers and other business relations. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. The information technology systems of MDP, the Funds, the Funds' portfolio

companies and/or their respective service providers may also be vulnerable to damage or interruption from computer viruses, ransomware or other attacks, network failures, computer and telecommunication failures, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes, earthquakes and other similar events) that could cause a substantial business disruption or loss of availability of data that could prevent Funds and MDP from executing its investment strategy or accessing an account, which could lead to financial losses. For example, malicious actors may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of MDP, the Funds' service providers and counterparties, and portfolio companies, as well as the data stored by these systems. Malicious actors may also attempt to fraudulently induce employees, customers, third-party service providers or other users of MDP's or a portfolio company's systems to disclose sensitive information in order to gain access to MDP's data or that of the Funds' investors or portfolio companies or to transfer funds to unauthorized third parties. A successful penetration or circumvention of the security of MDP's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data (including with respect to a Fund's portfolio companies), physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause MDP, the Funds, the Funds' portfolio companies and/or their respective service providers to be in violation of laws, incur regulatory penalties, reputational damage, additional compliance costs, increased insurance premiums, or financial loss. In addition, MDP and the Funds and their portfolio companies may incur substantial costs related to investigation and remediation of the cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks. Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

*Risks of Artificial Intelligence ("AI")*. MDP's ability to use, manage and aggregate data (and any limitations thereof) may limit MDP's ability to adapt to the use of new tools, including AI. While MDP may restrict certain uses of third-party and open source AI tools, such as ChatGPT, MDP's employees, consultants and service providers and the Funds' portfolio companies may use these tools, which poses additional risks relating to (i) the protection of MDP's and such portfolio companies' proprietary data (including the unauthorized disclosure or misuse thereof), (ii) the production and use of inaccurate, misleading or incomplete responses that could lead to errors in decision-making, portfolio management or other business activities, and (iii) allegations or claims against MDP, the Funds or their portfolio companies related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information and failure to comply with open-source software requirements. Such risks could have a negative impact on MDP or on the performance of the Funds and their portfolio companies. As the use and availability of AI tools has grown, the U.S. Congress and a number of U.S. federal and state agencies have been examining the AI tools and their use in a variety of industries, including financial services and have issued proposed or adopted a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI generally or AI's use in any industry in particular may alter, perhaps to a materially adverse extent,

the ability of MDP, the Funds or their portfolio companies to utilize AI in the manner it has to-date, and may have an adverse impact on the ability of MDP, the Funds or their portfolio companies to continue to operate as intended.

*Liability of Limited Partners.* The Funds are typically formed as a limited partnership. Generally, a limited partner is not expected to be personally liable for the debts of the Funds, however, in the event a Fund is otherwise unable to meet its obligations, the limited partners may, under applicable law, be obligated to repay amounts previously received by them, subject to certain limitations set forth in the Governing Documents. In addition, a partner's commitment is susceptible to risk of loss (i.e., the General Partner will be able to call capital from the partners) as a result of any liability of the Fund, irrespective of whether such liability is attributable to an investment.

*Limited Partner Disclosure of Information.* The General Partner expects that certain limited partners will be entities that are subject to public disclosure requirements, including U.S. state public records or similar freedom of information laws that may compel public disclosure of confidential information regarding the Funds, its investments and/or the limited partners. In recent years, an increasing number of requests for disclosure of fund documents (including partnership agreements, subscription agreements and side letters) have been made in respect of entities subject to such requirements. The Funds may incur expenses in connection with responding to any such disclosure request. Under certain circumstances, a General Partner may, in an effort to protect against any such potential disclosure, withhold all or any part of the information that would otherwise be provided to a limited partner. There can be no assurance that such confidential information (including such limited partner's, its affiliates' and their respective officers', directors' and employees' names, contact information, direct or indirect beneficial owners, tax status and other tax-related information, and any other personally identifiable information) will not be disclosed to a governmental authority, regulatory or self-regulatory organization, financial institution and/or other persons or entities in connection with the Funds' anti-money laundering procedures, any applicable law, rule, regulation or order or otherwise. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private equity fund advisers, such as MDP, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of such information could have an adverse effect on the Funds, their portfolio companies and/or their limited partners.

*Impacts of Excuse or Exclusion.* An investor's participation in Fund investments and ability to bear certain liabilities or obligations may be limited by virtue of the General Partner's right to exclude an investor from, or an investor's right to be excused from, participating in certain of the Fund's investments, liabilities and obligations as set forth in the Governing Documents, thereby increasing the participation of other investors and increasing such other investors' exposure with respect to such Fund investments, liabilities and obligations. As a result of one or more investors' being excused or excluded or other factors limiting their participation in investments (e.g., as a result of a default), the aggregate returns realized by the participating investors could be materially and adversely affected. Excuse rights requested or received by one or more limited partners representing a substantial percentage of a Fund have the potential to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole.



Amendment of Governing Documents. The Governing Documents allow certain provisions of such documents to be amended without an investor's consent and such amended provisions may adversely impact such investor.

Environmental, Social and Governance Matters. Environmental, social and governance ("ESG") factors are only some of the many factors MDP may consider in making an investment or as part of ongoing engagement with a portfolio company and other factors may be given greater weight. During the investment and/or monitoring processes, particular ESG factors may be disregarded and MDP may not consider all of the ESG factors that an investor believes are important (and the pursuit or implementation of such ESG-related factors remains subject to MDP's fiduciary duties to the Funds). MDP invests for financial return and its investments may not result in positive ESG impact and could adversely impact one or more ESG attributes.

Successful ESG integration on the part of MDP will depend on MDP's skill in properly identifying and analyzing material ESG factors and their relevance, and there can be no assurance that MDP will be successful in doing so. ESG integration is subjective by nature, and the criteria utilized by MDP or the judgment exercised may not reflect the desired approach of any particular investor. To the extent that MDP engages with portfolio companies on ESG-related matters, such engagements may not achieve the desired results. In addition, the market or other stakeholders may not consider the results to be sufficient or desirable. ESG-related practices differ by region, industry and issue and are evolving and the Adviser cannot guarantee that its ESG approach will meet any current or future regulatory requirements or align with the policies of or regulatory requirements applicable to a particular investor.

Increasing scrutiny and changing expectations from investors, lenders, and other market participants with respect to MDP's ESG policies could impose additional costs or expose MDP, the General Partners, the Funds, and their portfolio companies to additional risks. The increased focus and activism related to ESG and similar matters could hinder access to capital, as lenders and investors could decide to reallocate capital or to not commit capital as a result of their assessment of ESG practices. These limitations could affect the Funds' ability to access the equity and debt capital markets. If those markets are unavailable, or if the Funds are unable to access alternative means of financing on acceptable terms, or at all, the Funds could be unable to implement their business strategy, which would have a material adverse effect on its financial condition and returns and impair their ability to service their indebtedness. Consumers and other businesses are also increasingly focused on ESG and similar matters which could impact a portfolio company's ability to attract or retain customers, as consumers and other businesses could decide to engage with another company (i.e., and not the Fund's portfolio company) as a result of their assessment of the portfolio company's ESG practices.

ESG integration practices are evolving, including without limitation due to regulation, new and changing issues and areas of stakeholder focus, shifting investor sentiment (including so-called anti-ESG sentiment) and requirements and evolving portfolio company practices. Accordingly, MDP's ESG integration practices will continue to evolve and change, and they may do so in a manner that is adverse to financial return or a particular investor's goals.

Custody and Banking Risks. The Funds will maintain funds with one or more banks or other depository institutions ("banking institutions"), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The

distress, impairment or failure of one or more banking institutions with whom the Funds, their portfolio companies, the general partner and/or MDP transact may inhibit the ability of the Funds or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where a Fund or one or more of its portfolio companies holds depository accounts access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds or their portfolio companies. One or more investors or a Fund's general partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Fund's general partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

### **Item 9. Disciplinary Information**

MDP does not have any legal or regulatory events required to be disclosed pursuant to Item 9.

### **Item 10. Other Financial Industry Activities and Affiliations**

#### **Related General Partners**

Various limited partnerships or other entities serve as general partners of the Funds (the "General Partners"), and Principals of MDP are partners of one or more of the General Partners. Madison Dearborn Partners, LLC is the ultimate general partner of the General Partners. For a description of material conflicts of interest created by the relationship among MDP and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

#### **Other Related Persons**

MDP, through various Funds, is an investor in various insurance and consulting businesses, including NFP Corp. and its affiliated entities (collectively, "NFP"), a benefits, insurance, and wealth management business, Ankura Consulting Group, LLC and its affiliated entities ("Ankura"), a professional services firm focused on the legal, risk, cybersecurity and compliance practice areas; and Kaufman Hall & Associates, LLC and its affiliated entities ("Kaufman Hall"), a healthcare management consulting company. MDP, the Funds and their respective portfolio companies frequently retain or utilize (and are expected to do so in the future) the services provided by the foregoing and other MDP portfolio companies, including due diligence, consulting, financial services, insurance brokerage and/or insurance-related or information technology-related services. Such

portfolio companies are operated and managed separately from MDP and MDP does not have any involvement in the day-to-day business operations of these companies. Such services may be provided on an uncompensated basis. Please see Item 11 below for a discussion of conflicts related to the retention of service providers by MDP and/or the Funds.

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

### **Code of Ethics**

In accordance with Rule 204A-1 under the Advisers Act, MDP has adopted a written Code of Ethics that is applicable to all of its managing directors and above, principals, directors, vice presidents, associates, officers (or any person performing similar functions) and employees, and certain other persons who are subject to MDP's supervision and control (such as executive partners who are expressly designated by the Chief Compliance Officer as being subject to the Code of Ethics) (collectively, "Adviser Personnel"). The Code of Ethics also applies to certain family members of Adviser Personnel (such persons together with Adviser Personnel, "Covered Persons"). The Code of Ethics requires compliance with the federal securities laws and limits personal trading by Covered Persons in a wide range of publicly traded securities (for example, subject to certain exceptions, Covered Persons cannot purchase publicly traded common stock). If permitted by the Code of Ethics, Covered Persons seeking to transact in certain types of securities are required to obtain pre-clearance from MDP's Chief Compliance Officer (or a designee). Under the Code of Ethics, Adviser Personnel are required to report certain accounts they and their related Covered Persons use for the trading in securities as described by such policy and file certain periodic reports (including reports of personal securities transactions and holdings) with MDP's Chief Compliance Officer. The Code of Ethics is intended to help MDP detect and prevent potential conflicts of interest relating to investments and securities trading.

Adviser Personnel may be subject to remedial actions in the event of a breach by such person and/or their related Covered Persons of the Code of Ethics, including, but not limited to, additional training, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Madison Dearborn Partners, LLC, 70 W. Madison Street, Suite 4600, Chicago, Illinois 60602, Attention: Chief Compliance Officer.

### **Participation or Interest in Client Transactions**

MDP and certain of its current and former personnel and advisers (such as executive partners, industry advisory group members, and current and former directors, officers and employees of portfolio companies) invest in the Funds, either through the General Partners, as direct investors in the Funds or otherwise. Management Fees and Carried Interest assessed on such investments are commonly waived by MDP or a Fund, as applicable. In addition, subject to the terms of the Governing Documents, certain of MDP's advisers (such as Consultants, executive partners, industry advisory group members and current and former directors, officers and employees of portfolio companies) also

invest directly or indirectly, in the investments being made by the Funds. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “*Conflicts of Interest*” immediately below.

Due in part to the fact that potential or existing investors in a Fund (including potential investors in a co-investment vehicle or seller or purchaser of an investor’s interests in a secondary transaction) often ask different questions and request different information, MDP provides certain information to one or more prospective or current investors that it does not provide to all of the prospective or current investors.

## **Conflicts of Interest**

Subject to the terms of the Governing Documents, MDP, its related entities and their respective personnel (including the Principals) engage in a broad range of activities, including investment activities for their own accounts and for the accounts of the Funds and other investment vehicles, and providing consulting, management, advisory, sub-advisory, transaction-related, financial advisory, operational support and other services to funds, investment vehicles, SPACs (as defined below) and operating companies (including portfolio companies of MDP-related funds). In the ordinary course of conducting these activities, the interests of a Fund will, from time-to-time conflict with the interests of MDP, other Funds or their respective personnel and affiliates. Certain of these material conflicts of interest, as well as a description of how MDP addresses such conflicts of interest, can be found below, although the discussion below does not necessarily describe all conflicts that may be faced by MDP and/or its Funds. Other conflicts are disclosed throughout this brochure (including in Item 5 and Item 8) and this brochure should be read in its entirety for other conflicts.

### **Conflicts and Resolution of Conflicts – General**

In the case of all conflicts of interest, MDP’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using MDP’s best judgment, but in its sole discretion. In resolving conflicts, MDP considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. On any issue involving actual conflicts of interest, subject to the terms of the applicable Governing Documents, MDP will be guided by its good faith discretion. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless MDP believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by defined procedures, restrictions or other provisions contained in the Governing Documents for the Funds or MDP’s compliance policies and procedures designed to reduce certain conflicts of interest;
- Many of the Funds have established a Fund Advisory Board, consisting of representatives of limited partners not affiliated with MDP. A Fund’s Advisory Board may review transactions between the applicable Fund and MDP or its employees and affiliates and other potential conflicts of interest referred to it by MDP, in its discretion, as provided under the Governing Documents of the applicable Funds. For some Funds, the consent of such Fund’s Advisory

Board and/or certain members of the lead buyer group in a transaction is a requirement for certain affiliated transactions. In addition, in order to provide more transparency, MDP may, when it deems it to be appropriate, from time to time provide to its Fund Advisory Boards, information relating to certain conflicts of interest;

- Where MDP in its sole discretion deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker or other third party to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a new Fund (except for a co-investment vehicle or alternative investment vehicle), each investor receives information (e.g., through MDP's Form ADV and Fund private placement memorandum) relating to significant potential conflicts of interest arising from the proposed activities of the Fund. Prior to a transfer of limited partnership interest in a Fund, the purchaser of such interest is also provided access to MDP's Form ADV, which describes significant potential conflicts of interest.

While MDP endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. Although certain provisions of a Fund's Governing Documents are designed to protect the interests of investors in situations where conflicts may exist, these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives. In addition, limited partners are not entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise except as otherwise set forth in a Fund's Governing Documents.

#### *Allocation of Investment Opportunities Among Clients*

In connection with its investment activities, MDP encounters situations in which it must determine how to allocate investment opportunities (including follow-on investments) among various Funds and other persons, including, but not limited to, the following:

- Among the applicable Funds, which often include (a) prior Funds and current Funds (including those which are in their active investment periods and Funds established for the purpose of participating in a "continuation transaction"), including portfolio companies of such Funds, (b) sub-advised Funds and Funds that are "special purpose vehicles", (c) Funds organized as parallel investment entities that have been formed to invest side-by-side with one or more other Funds (either in all transactions entered into by such Fund(s) or in a limited subset of such investments), (d) Funds organized as an industry-focused companion Fund which may or may not invest side-by-side with one or more other Funds, and (e) Funds that have been formed to facilitate investments by certain business associates and other "friends and family" of MDP or its personnel (such as an "executive fund");
- Among the applicable Funds and alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that arise in connection with a transaction or transactions;
- Among the applicable Funds, industry-focused companion Funds and/or co-investment vehicles that are formed to invest in particular transactions entered into by an applicable Fund, companion Fund and/or co-investment vehicles that are formed for a particular limited partner

to invest in available co-investment opportunities (the investors in such co-investment vehicles often include individuals and entities that are also Fund Investors and/or Third Parties);

- Among the applicable Funds and Fund Investors who wish to make direct investments (i.e., not through a co-investment vehicle) in particular transactions entered into by an applicable Fund;
- Among the applicable Funds managed or controlled by MDP or its affiliates, including those established for the purpose of participating in a “continuation transaction”;
- Among the applicable Funds and a SPAC (as further discussed below under “*Special Purpose Acquisition Vehicles (SPACs)*”); and
- Among the applicable Funds and Third Parties who wish to make direct investments (i.e., not through a co-investment vehicle) in a particular transaction entered into by an applicable Fund (including Third Parties acting as “co-sponsors” with MDP with respect to a particular transaction).

The Funds are generally subject to investment allocation requirements set forth in their respective Governing Documents (collectively, “Investment Allocation Requirements”). In certain continuation fund transactions, the Investment Allocation Requirements require the new continuation Fund and the prior Funds who have an investment in the same portfolio company, to make follow-on investments in and sell the underlying portfolio company interests on a pro-rata basis, at the same time and on substantially the same terms. To the extent the Investment Allocation Requirements of a Fund permit MDP to use its discretion in, or do not address the procedures for, making allocation decisions among different Fund families or among the Funds and other persons, MDP has adopted written policies and procedures relating to the allocation of investment opportunities which permit MDP to consider some or all of a wide range of factors, including but not limited to: each Fund’s investment objectives, strategy, scope and focus (including targeted rates of return, size of transaction, size of equity investment and targeted hold period); active investment period and partnership term; amount of capital available for investment and expenses (including desirability to use recyclable capital) and projected future capacity for investment; liquidity and reserves (including whether a Fund is able to commit to invest all of the capital required to consummate a particular investment opportunity); anticipated co-investment (if any); composition of the Fund’s existing portfolio and diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio) and the scope of a Fund’s investment mandate including whether mandates are identified as primary or secondary, and whether the mandate is limited or otherwise restricted to specific types of investments/assets; portfolio risk considerations; stage of development of the prospective portfolio company or other investment; minimum and maximum investment size requirements; synergies with existing portfolio companies; the likelihood of current income; timing expected necessary to execute an investment; tax implications and sensitivities; whether an investment opportunity requires additional consents or authorizations from the Fund, the Fund’s Advisory Board, investors or third parties; avoiding allocations that could result in *de minimis* or odd lot investments; legal, contractual or regulatory constraints, and other relevant limitations imposed by or conditions set forth in the applicable offering and Governing Documents of each Fund. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process, including consideration with respect to differing fee, expense and compensation structures. For example, current and former MDP personnel and advisers (such as Consultants, executive partners, industry advisory group members and current and former directors, officers and employees of portfolio companies) of MDP invest indirectly or directly in the Funds (and therefore participate indirectly in investments made by such Funds). Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest or derive higher fees, compensation, or other benefits. The existence of these varying circumstances presents a conflict of interest in determining how much, if any, of certain investment opportunities to offer to a Fund and MDP could be incentivized to manage such arrangements in a manner that would enhance the returns of the Funds in which MDP and/or its related parties hold a substantial portion of the equity, even to the detriment of other Funds. Notwithstanding the foregoing, MDP will not allocate investment opportunities among the Funds based, in whole or in part, on the relative fee structure or amount of fees paid by any Fund. MDP makes allocation determinations based solely on MDP's expectations at the time such investments are made, however, investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

#### Allocation of Co-Investment Opportunities

MDP will determine if the amount of an investment opportunity exceeds the amount MDP determines would be appropriate for the Funds (including industry focused companion Funds) (after taking into account additional capital to be contributed by other Funds and any co-sponsors, as well as any portion of the opportunity allocated to certain participants by contract in the applicable deal, such as consultants and advisers to MDP and/or the Funds (which includes executive partners and industry advisory group members); to board of directors, management teams, consultants, advisers or roll-over equity holders of the applicable portfolio company; to current or former portfolio companies, or strategic investors, executives of current or former portfolio companies or any other co-investors determined by MDP to be in the best interest of such Funds; or co-investors who are given priority co-investment access rights as described below), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' Governing Documents and/or MDP's compliance policies and procedures, as summarized in the following paragraphs.

Subject to any Investment Allocation Requirements or other specific agreements with investors, in general, (a) no investor in a Fund has a right to participate in any co-investment opportunity (nor any priority to co-investment opportunities), (b) decisions regarding whether and to whom to offer and the amount of any co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of MDP or other participants in the transaction, (c) co-investment opportunities typically will be offered to some but not other Fund Investors, in the sole discretion of MDP, and investors may be offered a smaller amount of co-investment opportunities than originally requested or in smaller amounts than other co-investors (including investors in the same Fund), or may not be offered any amount of co-investment opportunities (even if they have expressed interest in co-investing), (d) Third Parties will, from time to time be offered co-investment opportunities, in the sole discretion of MDP, (e) MDP intends to offer co-investment opportunities to Consultants, executive partners, industry advisory group members and other advisers, as well as directors, officers, employees, advisers and roll-over equity holders of a portfolio company, and (f)

Fund Investors and/or Third Parties will generally purchase their interests in a portfolio company either at the same time as the Funds, or purchase such interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the factors considered by MDP (as noted below in this section) and the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, investment structure, exit strategy, type of Fund vehicle, and counterparty). Additionally, non-binding acknowledgements of an investor's interest in co-investment opportunities or the creation of a co-investment vehicle for a particular limited partner where such vehicle is not guaranteed any co-invest opportunities are not Investment Allocation Requirements and do not require MDP to (x) provide co-investment opportunities to such investor or (y) notify such investor if there is a co-investment opportunity. However, it is possible that MDP may give particular investors, Funds, portfolio companies, or other third parties priority access to co-investment opportunities which could limit the ability of other investors to be offered co-investment opportunities. The existence of such priority or other contractual co-investment access rights would affect MDP's decision to offer certain opportunities for co-investment and as a result, limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms and amounts thereof, MDP considers some or all of a wide range of factors, including, but not limited to, one or more of the following:

- MDP's evaluation of a potential co-investor's level of interest in investment opportunities (including whether a potential co-investor has expressed an interest in participating in co-investment opportunities, such co-investor's level of interest in a particular industry or type of business) as well as the size and financial resources of the potential co-investor;
- MDP's perception of the ability of that potential co-investor (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investor has a tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Whether MDP believes, in its sole discretion, that allocating investment opportunities to a potential co-investor (who may be Fund Investors or potential investors in the Funds or future Funds) will help establish, recognize, strengthen and/or cultivate relationships that may provide longer-term benefits (including strategic, sourcing or similar benefits) to MDP, the Funds or future Funds of MDP, or the applicable portfolio company;
- Whether a potential co-investment party has a history of participating in co-investment opportunities and MDP's evaluation of its past experiences and relationships with that potential co-investor, such as the willingness or ability of such person or entity to respond promptly and/or affirmatively to potential investment opportunities previously offered by MDP and the expected amount of negotiations required in connection with a potential co-investor's commitment;



- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics, relevant industry and type of Fund associated with such co-investment such as a continuation Fund);
- Level of demand for participation in such co-investment opportunity;
- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to MDP and assume a passive role in governing a portfolio company);
- MDP's evaluation of whether the profile or characteristics of the potential co-investor may have a positive or negative impact on the viability, prospects or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investor is involved in the same industry as a prospective portfolio company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the terms, structure, or cause other issues with respect to the investment or the Fund's participation in such investment opportunity);
- MDP's evaluation of whether the investment opportunity may subject the prospective portfolio company, the Funds or the potential co-investor to legal, tax, regulatory, competitive, confidentiality, contractual, reporting, public relations, media or other burdens that make it less desirable for such co-investor to participate in a potential investment opportunity;
- MDP's desire to limit or minimize the number of potential co-investors approached on any investment opportunity in order to, among other concerns, (a) reduce the chances of an inadvertent disclosure of the existence of an investment opportunity and/or other confidential information, (b) reduce the amount of additional due diligence burden on the potential investment, and (c) reduce any delay in timing caused by the inclusion of a new potential co-investor;
- MDP's evaluation that a particular co-investor has provided or is expected to provide value in sourcing, establishing or developing relationships, participating in diligence and/or negotiations for such potential transaction, financing related to such transaction or is expected to provide value to the business or operations of a portfolio company (including financing or creating or enhancing business opportunities relating to such company) post-closing;
- The ability of a potential co-investor to aid in operating or monitoring of a portfolio company or the possession of certain expertise by a potential co-investor and the potential co-investor's relationship with the management team of the potential portfolio company, and whether the potential co-investor has any existing positions in or could be a potential future buyer of, the potential portfolio company;
- Any interests a potential co-investor has in any competitors of the potential portfolio company;
- The ability of a potential co-investor to hold investments for longer periods of time (or indefinitely);

- MDP's evaluation of the level of support given by a particular co-investor to MDP or its Funds (including size of commitment to current or previous Funds; number of Funds such party has invested in; size of commitment by such co-investor to an MDP Fund relative to its commitment range in other private equity funds; potential commitment or agreement to commit to current or future Funds; and/or whether MDP believes the co-investor has demonstrated a long-term and/or continuing commitment to the success of MDP, its Funds or the applicable portfolio company); and
- Such other facts as the Firm deems appropriate under the circumstances in exercising such discretion, including its own interests.

The above factors are not listed in order of importance or priority. MDP will be under no obligation to consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and circumstances. MDP's exercise of its discretion in allocating investment opportunities among various persons, including the Funds, Fund Investors and Third Parties, often will not result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, MDP may be incentivized to offer a co-investment opportunity to certain persons over others based on its, or a Fund's, or a portfolio company's current or expected economic arrangement with such persons. MDP expects that these factors will lead MDP to favor some potential co-investors over others with respect to the frequency with which MDP offers them co-investment opportunities. MDP also expects to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors. The allocation of co-investment opportunities often involves a benefit to MDP that is not shared with the Funds (for example, a co-investor's agreement to invest in an existing or future MDP fund). While MDP will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest discussed herein, did not exist.

In the event MDP determines to offer an investment opportunity to potential co-investors, there can be no assurance that such co-investors will invest in such opportunity or that the terms and conditions of such co-investment will be as favorable for the applicable Funds or portfolio company as anticipated by MDP. In connection with these co-investment processes, the applicable Funds incur expenses (which may be substantial) which are often not shared (i.e., paid for) by prospective co-investors in the event the transaction is not consummated, and the Fund bears the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. For additional information regarding co-investment vehicle expenses, please see "*Co-Investment Vehicle Expenses*" in Item 5 above. If these co-investors do not invest in such opportunity (in whole or in part), a Fund may hold a greater interest in such portfolio company than was initially intended, which could make such Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect to this investment. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

As noted above, it is very common that the directors, officers, employees, Consultants and/or other advisers of a portfolio company, as well as Consultants and/or other advisers to the Funds, co-invest in such portfolio company. The terms of such co-investment (including the amount to be co-invested) are negotiated on a case-by-case basis with each such person. Separate from such co-investment, such persons also occasionally receive incentive equity awards (whether in the form of restricted stock, profits interest, stock options, or otherwise) of a portfolio company, and MDP Funds typically do not receive such incentive equity awards. Although the co-investment and receipt of incentive equity awards by such persons dilute the Funds' ownership in their portfolio companies, such issuances and grants are generally made to compensate and/or motivate such persons and align their interests with those of the Funds.

MDP or its affiliates often establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Fund which often have more favorable rights and/or terms than the Funds and/or other co-investors. Any such vehicle will be established at MDP or its affiliates' sole discretion and MDP and its affiliates have no obligation to offer a similar opportunity to any other investor.

#### Secondary Transactions

A potential conflict of interest often arises in the event that a Fund Investor requests to transfer its interest in a Fund in a secondary transaction. Subject to any restrictions in the Governing Documents of the applicable Fund, MDP or its related persons: (a) are often asked to identify or consent to a list of Fund Investors or Third Parties to potentially acquire the interest being transferred (and will make any suggestions at its sole discretion) and/or (b) have purchased and may in the future purchase such interests from such Fund Investor (without the consent of any other investor). To the extent MDP has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, (1) MDP may consider its own interests as well as the factors listed above and any and all such other factors (e.g., the impact such transfer would have on such Fund's credit facilities, if any) as it deems appropriate under the circumstances in exercising such discretion, including its own interests, and (2) the determination to consent to transfers of interests by certain Fund Investors and not others in any particular year will be within MDP's sole discretion. A purchaser's potential investment in another Fund (including any commitment to a future fund) may also be considered by MDP in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund to such purchaser, and MDP may condition a transfer of interests in one fund upon also transferring interests in another Fund. Additionally, non-binding acknowledgements of an investor's interest in purchasing secondary interests are not binding upon MDP and do not require MDP to (x) provide such secondary purchase opportunity to such investor or (y) notify such investor if there is such an opportunity.

#### Conflicts Related to Purchases and Sales of Investments

Conflicts arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investments by more than one client of MDP in a portfolio company can be perceived as using assets of a client of MDP to support positions taken by other clients of MDP. MDP or its affiliates may also express inconsistent or contrary views of commonly held investments or of market conditions more generally. In addition, there may be differences in the timing of entry into, or exit from, a portfolio company for reasons such as differences in the Funds' strategy, existing portfolio or liquidity needs (which can

happen, for example, when there is a desire to provide liquidity options to the investors in one Fund while also providing an investment opportunity in the same portfolio company to another Fund). These variations in timing may be detrimental to a Fund. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or other transaction involving the same portfolio company or that it would have been as favorable as it would have been had such conflict not existed. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds (including the cost of providing any bridge financing). Similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Unconsummated Deal Costs related to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Additionally, investments by multiple Funds at different times are likely to occur on a different cost basis and the negotiation and purchase of interests by the later Fund at a lower cost may reduce the valuation of the earlier Fund's investment. The investment by the later Fund may be made at a higher or lower valuation than the investment in such portfolio company by the earlier Fund and such investments may dilute the earlier Fund's interest in such portfolio company. In addition, follow-on investments of a portfolio company in a prior Fund may be made by the newer Fund if the prior Fund does not have sufficient reserves (as determined by MDP in its sole discretion) for the follow-on investment after taking into account any reserves and expected anticipated expenses or potential liabilities. Additionally, follow-on investments of a portfolio company may not be allocated on a proportional basis and/or the MDP may determine that a particular Fund will not participate in a follow-on investment even if such Fund has sufficient reserves to do so. Any such follow-on investment would be subject to the applicable conflict procedures set forth in the respective Governing Documents for such Funds.

Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. MDP, its affiliates or the Funds may pursue debt financing investments (e.g., bank loan participations or assignments, bonds, mezzanine debt or similar investments), including, without limitation, majority or minority investments in the debt financing of a portfolio company of a Fund (such investments may be structured as a primary purchase of debt from the portfolio company or through a secondary transaction with an existing debt holder). A Fund's investment in bank debt and/or debt securities of a company can be made while such Fund or other Funds hold different securities in the same company, such as equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio company. In certain circumstances, Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. Conflicts arise in determining the terms of these investments, particularly where these clients invest in different types of securities in a single portfolio company. Decisions about what action should be taken in a troubled situation, including whether or not to modify or waive covenants, enforce claims or accelerate payments and whether or not to advocate or initiate a refinancing, restructuring or liquidation inside or outside of bankruptcy, or to give other concessions that may be given in such a situation, and the terms of any such activities raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company.

In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt, resolution of liabilities in connection with an investment and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund will supply such additional capital in such amounts, if any, as determined by MDP. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount or offer such amounts to co-investors. In such event, one Fund may gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. Investments by more than one Fund of MDP in a portfolio company also raises the risk of a Fund remaining passive in a situation in which it is entitled to vote.

If a Fund purchases in the secondary market at a discount, debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

In such circumstances described above, MDP could take steps to reduce the potential conflicts of interest between the various Funds, including causing a Fund to take certain actions that, in the absence of such conflict, it would not take (e.g., a Fund may divest itself of an asset it otherwise may have retained, MDP may establish information barriers, certain matters may be referred to an advisory committee or a third-party, or a Fund may only invest in securities that seeks to align the interests with other investing Funds). Any such steps could have the effect of benefiting one Fund or MDP at the expense of another Fund.

The application of a Fund's Governing Documents and MDP's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed. The Adviser will evaluate a variety of factors which may be relevant in determining whether a particular investment opportunity in different parts of the capital structure is appropriate and feasible for such Fund or such affiliates, including the nature of the investment opportunity taken in the context of market conditions at the time, consistent with the Governing Documents for the applicable Fund, and consistent with the allocation policies and procedures adopted by the Adviser. The Adviser will also

notify or seek the advice or approval of a Fund's Advisory Board to the extent required by such Fund's Governing Documents.

In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Employees and related persons of MDP and its affiliates have in the past and may in the future make capital investments in or alongside certain Funds, raising additional conflicting interests in connection with these investments.

From time to time MDP, in its discretion, has entered, and may in the future enter, into transactions with a person who is a Fund Investor, a prospective investor or affiliated with such investor or prospective investor, who agrees to purchase all or a portion of certain investments held by one or more Funds or who agrees to provide financing (including senior and mezzanine debt) to the Funds' investments and portfolio companies. In exercising its discretion to select the purchaser(s) or lenders to such investments, MDP considers various factors, including but not limited to, some or all of the factors listed above under "*Allocation of Co-Investment Opportunities*."

The terms of a transaction involving a Fund (e.g., acquisition, investment, debt financing, recapitalization or sale), are subject to mutual agreement of the applicable parties, which often include the management team of, and other investors in, the applicable company. In a sale that is not broadly marketed (or a transaction that is broadly marketed, but where the sales process does not include all types of potential buyers such as strategic acquirors), MDP may not obtain the highest price that it could have for the transaction. Although MDP is not obligated to solicit competitive bids for such transactions or to seek the highest available price (in the case of a sale transaction) or the lowest debt financing rates (in the case of a financing transaction), it will first determine that such transaction is in the best interests of the applicable Fund(s) and applicable portfolio company, taking into account the applicable price, the other terms and conditions of the transaction (including but not limited to, speed and certainty of closing), and the requirements and preferences of the other parties involved (including those of the management team and other investors in such company). There can be no assurance that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s) or portfolio company. Any such transactions will comply with the Governing Documents of the applicable Fund(s).

Subject to the terms of the applicable Governing Documents, a Fund is permitted to invest in opportunities that other Funds have declined, and likewise, a Fund is permitted to decline to invest in opportunities in which other Funds have invested.

To the extent the terms of the applicable Governing Documents require multiple Funds to acquire interests in the same portfolio company (such as the case when a new Fund has been raised and there is available capital (as determined by MDP) to invest from the prior Fund), there are situations where the disposition of such interests are not made on a proportional basis. MDP may have an incentive to show realized returns in connection with fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. At the same time, if MDP determines it is advisable for the newer Fund to exit an investment at the same time as the prior Fund, such newer Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower

returns than it otherwise may have earned on such investment. In some transactions (e.g., a partial transfer to a continuation vehicle) a prior Fund may be required to grant a newer Fund a consent to the timing of a future sale of certain securities, which may result in the prior Fund disposing of its remaining investment later than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such remaining investment. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns. MDP has the discretion to determine that, based on its consideration of each Fund's best interests, it will liquidate such interests held by the prior Fund, prior to or on a disproportionate basis than, the liquidation of such interests held by the newer Fund. In addition, investors may receive different consideration (for instance, investors in one Fund may receive cash whereas investors in another Fund may be provided the opportunity to receive distributions in-kind) which may impact the realized return ultimately received by each Fund.

A Fund has in the past and is likely to, in the future, sell down an interest in its portfolio companies to co-investors. Subject to the applicable Governing Documents, MDP (on behalf of the Funds) may charge (or may decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs (including out-of-pocket interest costs) for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor. Subject to the applicable Governing Documents, MDP (on behalf of the Funds) has the discretion to determine the purchase price to be paid by such co-investors in such sell down, including at cost even when some period of time has passed (and MDP is able to consider a variety of factors in determining the purchase price, including whether to take into account the effect of foreign currency fluctuations impacting such portfolio company investment).

The Funds will, from time to time, enter into equity commitment letters where such Funds agree that upon the closing of a transaction with respect to a potential portfolio company, they will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into: (a) limited guarantee arrangements where such Funds agree that if a transaction with respect to a potential portfolio company is not consummated, under certain circumstances they will pay a specified amount or a percentage of the total value of the transaction as a "reverse termination fee" to the seller entity and (b) full guarantee arrangements where such Funds agree to close a transaction even if the debt financing for such transaction is not available or has not been funded. Co-investors in a potential transaction do not typically enter into such equity commitment letters, limited guarantees or full guarantees and as a result, such co-investors are not obligated to pay any portion of such equity commitments, reverse termination fee or obligations. Therefore, in the unlikely event that a co-investor defaults on an arrangement with the Fund to pay its proportionate share of the equity purchase price (if any) or such an arrangement does not exist, the Fund would be held responsible for the entire equity purchase price or holding a larger than expected investment in such portfolio company, reverse termination fee or other applicable obligation(s).

The Funds, from time to time, co-invest with third parties. These investments may involve risks that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of the Fund, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third party co-investors. There can be no assurance that the return of a

Fund participating in a transaction with a third party would have been as favorable as it would have been had such conflict not existed.

*Cross-Transactions; Continuation Transactions; Portfolio Company Transactions*

Subject to the terms of the applicable Governing Documents, a Fund can purchase investments from another Fund or a Fund can sell investments to another Fund (including through the purchase or sale of interests by a Fund from or to a co-investment Fund that is managed by MDP or its affiliates). MDP and its affiliates generally receive management or other fees in connection with their management of the relevant Funds involved in such transactions, and are entitled to share in the investment profits of the relevant Funds; such fees and profits interests among Funds often differ. Such transactions create conflicts of interest because: (a) MDP, its affiliates and personnel typically have material investments in certain of these Funds, (b) by not exposing such buy and sell transactions to a broad group of third-party buyers, to any third-party strategic buyers, or to any third-party buyers, a Fund selling its interests may not receive the best price otherwise possible or a Fund purchasing these interests may pay a price higher than what a third party would pay for such interests, and/or (c) MDP might have an incentive to sell the interests held by one Fund to another Fund in order, for example, to earn fees or Carried Interest or enhance the overall performance of the applicable Fund. For example, in circumstances where MDP or an affiliate will continue to manage and receive fees and/or performance-based compensation (i.e., carried interest) relating to the subject assets following the transaction, MDP may not receive the highest price for the applicable portfolio company assets due to such fee and compensation structure. Furthermore, where the amount of investment contributions paid by the new investors in the continuation Fund serves as the base for calculating the rights to carried interest with respect to the continuation Fund investors, a lower price received by the selling investors results in a greater likelihood that carried interest will be earned by MDP or an affiliate (as well as greater amounts), so MDP has an incentive in such instances to accept a lower price for the selling partners in the interests of increasing its carried interest in the continuation Fund. MDP reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment’s fair value. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of full liquidity through a continuation fund transaction did not exist. Where a selling Fund continues to hold an interest in the relevant portfolio companies, the buyer group may require that the selling Fund and the buying Fund make follow-on investments in and dispositions of such portfolio companies at the same time on substantially the same terms, which is expected to result in the selling Fund owning such interests for a longer period of time than it otherwise would have if the selling Fund and the buying Fund were not managed by MDP. See also the discussion under Item 8 “*Continuation Fund Transactions*” above.

Conflicts also arise in situations where MDP could potentially cause portfolio companies owned by different Funds to transact with another portfolio company or Fund, including entering into a joint venture, purchasing assets from or selling assets or equity to each other or merging with each other, in whole or in part, (including a situation where assets or a division of a portfolio company of one Fund is sold to another Fund). Such portfolio companies may pay the transaction expenses in connection



with such transactions (including placement fees). This creates a conflict of interest as the interests of the purchasing or selling Fund differ from those of the counterparty portfolio company.

Depending on the transaction structure, the transactions described herein may disproportionately benefit the purchasing, selling, or merging Fund, other Fund or portfolio company (or MDP or its employees as a result of its interests in a Fund), and the other Fund or portfolio company may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, MDP may be incentivized to support a less successful portfolio company of an older Fund by causing a newer Fund with a longer remaining term and investment period to purchase a part or all of such portfolio company in order to provide MDP additional time to potentially manage it to a successful exit and increase the likelihood of MDP receiving Carried Interest. Conversely, MDP may be incentivized to sell an attractive investment in an older Fund to a newer Fund and/or an Other Vehicle to increase the amount of fees received by MDP with respect to such an investment. Determining the valuation or other terms of such transactions (including representations and warranties, indemnification and expense payment) may also create a conflict of interest due to MDP's consideration of the particular terms (including the fee and Carried Interest terms) of the Funds and MDP's interest in such Funds. Such acquisition or merger may result in the acquiring entity purchasing an MDP portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation. As a fiduciary to each Fund in such a transaction, MDP will seek to resolve all such conflicts in good faith using its best judgment, but in its sole discretion, subject in certain cases to approval by the applicable Fund Advisory Board of the participating Funds. MDP will follow the Governing Documents of the relevant Funds (e.g., the Governing Documents typically require the consent of the Fund Advisory Board for the sale of a portfolio company (or a portion thereof) by one Fund to another Fund with certain exceptions). There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to each Fund or portfolio company nor is there any assurance that such transaction will be equally or similarly profitable or advantageous to each participating Fund, as applicable. To the extent such matters are not addressed in the Governing Documents of the Funds, MDP will (a) consider its respective duties to each Fund and (b) determine the appropriate method for valuing the applicable portfolio company (which may or may not involve a third-party bid or valuation).

Furthermore, to the extent required by the relevant Funds' limited partnership agreements or otherwise in the sole discretion of MDP, MDP may seek to mitigate the conflicts identified above by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price). MDP may determine that: (a) the willingness of a third party (which third party may be (1) an existing investor in the applicable portfolio company investment, (2) a financial investor versus a strategic investor and/or (3) transacting as a seller or a buyer) to transact on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions, or (b) terms proposed by a third party in a non-binding bid letter or letter of intent and/or comparable company transactions supports the valuation of a company under then-current market conditions. MDP intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including by considering the potential present and future benefits with respect to each Fund.

Under certain circumstances, MDP may wish to reduce the investment of one or more Funds in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds or through any other transaction structure (for example, distribution of portfolio company interests from one Fund and contribution of such interests to another Fund). Any costs and expenses associated with any such transaction will be borne by such Funds in accordance with such Funds' Governing Documents and to the extent not addressed in the applicable Governing Documents, on an allocation that MDP deems in good faith to be fair and equitable based on its best judgment. For example, MDP might determine to allocate bankers' fees and certain other fees and expenses solely to selling investors and not to the "rolling investors" or "new investors" in the purchasing Fund or vice versa or to one or more portfolio companies.

In certain cases, MDP may determine that it would be in the best interest of a Fund (the "selling Fund") to transact with another Fund in order to provide the selling Fund's investors with an option to either: (1) receive cash proceeds from the selling Fund's sale or transfer of all or a portion of such portfolio company and/or (2) "roll" (i.e., retain) all or a portion of their interest in such portfolio company. In some cases, MDP may determine not to offer the foregoing option to sell or "roll" (e.g., a "strip sale" to another Fund), which may result in investors in the selling Fund selling or retaining, as applicable, more or less than such investors desire. Additionally, in some cases, the applicable General Partner (and principals of the General Partner) and certain co-investors may have the option to roll or sell more or less than the applicable limited partners. In these types of transactions, the purchasing Fund will generally seek to value the portfolio company with the assistance of third parties (such as secondary or private equity investors, existing investors in such portfolio company, and/or any other seller or buyer in such transaction). Such transactions might also require the investors in the purchasing Fund to make an additional investment in MDP's then current Fund, or the investors in the selling Fund to make an additional investment in the purchasing Fund as a condition to being permitted to roll or retain all or a portion of their interest in the applicable portfolio companies. Conflicts of interest arise in these transactions because (i) MDP has an incentive to engage in these transactions because it can earn higher Management Fees and Carried Interest, (ii) MDP, its affiliates and their Principals will be making material investments in the purchasing Fund, (iii) MDP is actively involved in negotiating the terms of the sale on behalf of the selling Fund, on the one hand, and the purchasing Fund, on the other hand (including allocation of expenses incurred in the transaction), (iv) MDP and its Principals are often receiving Carried Interest distributions from the selling Fund (and depending on the structure, if non-marketable securities are being distributed in the transaction, such Carried Interest will be based on the gross distribution value of such securities) and/or (v) of the requirement for an investor in the purchasing Fund to make an additional Fund investment in MDP's then current Fund.

### Principal Transactions

Section 206(3) under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's prior consent to the transaction. However, MDP has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including the requirement that Principals use reasonable efforts to disclose any economic interest held by them in a prospective

portfolio company that is actively being reviewed by a Fund, disclosures required by Section 206(3) of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Governing Documents relating to the Funds generally contain additional provisions addressing principal transactions.

#### Management of the Funds and other Investments

MDP manages a number of Funds that have investment objectives, strategy or scope similar to each other. Subject to the Governing Documents, MDP expects that it or its personnel will in the future establish, advise or sub-advise one or more additional funds or investment vehicles (including special purpose acquisition companies or SPACs) with investment objectives, scope or strategy similar to, or different from (and potentially conflicting with), those of the current Funds. Allocation of available investment opportunities between the Funds or between the Funds and any other fund or investment vehicle could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients*” above.

In addition, MDP will, from time to time, consider an investment opportunity for one Fund and then subsequently determine to have another Fund make the investment. In making any such reallocation determination, MDP will consider a variety of factors, including those set forth above under “*Allocation of Investment Opportunities Among Clients*”. Conflicts of interest arise in connection with such a reallocation, including those set forth above under “*Allocation of Investment Opportunities Among Clients*”. In addition, a conflict of interest exists because the investing Fund will benefit from the initial evaluation, investigation and due diligence undertaken by MDP on behalf of the original Fund for which the investment was initially considered. In certain cases, such reallocation determination may occur after a significant period of time has passed and the Fund to which the investment was originally allocated has incurred substantial out-of-pocket expenses in connection with evaluating, investigating and diligencing such investment. The investing Fund will typically reimburse the original Fund for such expenses. In the event that the investing Fund does reimburse the original Fund for out-of-pocket expenses incurred in connection with evaluating, investigating and diligencing such investment, the investing Fund may or may not pay interest on any such amounts reimbursed to the original Fund. MDP experiences conflicts of interest in connection with causing one Fund to incur expenses that may ultimately benefit another Fund, and similarly experiences conflicts of interest in determining the need for, calculating the amount of, and effecting any such reimbursement, as such arrangements may involve the discharge of a liability that one Fund owes to another Fund, and in all such cases these determinations, calculations, and terms are not arm’s length arrangements and there can be no assurance that the allocation of such expenses is in the best interest of the Funds. There can be no assurance that the amounts reimbursed to the original Fund will be commensurate with the benefit received by the investing Fund.

Conflicts of interest also arise in allocating time, services or functions of the MDP Principals and employees. Subject to the Governing Documents, it is expected that the Principals and employees of MDP responsible for managing a particular Fund will have responsibilities with respect to other funds and investment vehicles managed by MDP or its personnel, including funds and investment vehicles that are raised in the future (e.g., funds with similar as well as different investment objectives, strategies, and scope). Specifically, even when a new Fund is established, MDP and its Principals and employees spend a material amount of time managing prior Funds and such Funds’ existing and in-

process investments. Additionally, MDP Principals and employees have an incentive to allocate more time, services and functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds. With respect to conflicts created by sequential Funds (e.g., Funds VII and VIII), these conflicts are partially mitigated by provisions regarding the allocation of investment opportunities contained in the applicable Governing Documents of such Funds.

Although MDP generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances, lenders, purchasers of portfolio companies and other parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, MDP intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In addition, the Funds will, from time to time, enter into arrangements that require the Funds to be jointly and severally liable. Although unlikely, if one Fund defaults on such arrangement, the other Funds will be held responsible for the defaulted amount. The Funds will only enter into such joint and several arrangements when MDP determines it is in the best interests of the Funds and is in compliance with the terms of the applicable Governing Documents.

In addition, subject to the Governing Documents and the Firm's Code of Ethics, MDP's Principals also invest in, control and/or manage businesses (including companies that operate within one of MDP's industry sectors) or other investment vehicles (e.g., hedge funds, debt funds, venture capital funds, search funds, or other investment funds) (collectively, "Personal Investments"); typically, the MDP Principals are passive investors in such Personal Investments. Such Personal Investments may either compete with the Funds or Fund portfolio companies, and subject to the applicable Fund's Governing Documents, such Personal Investments may also directly or indirectly hold securities of portfolio companies of the Funds, which creates conflicts of interest. MDP Principals have a conflict of interest with respect to their Personal Investments. These Personal Investments have in the past and may in the future purchase interests from or sell interests to, the Funds (for example, an MDP Principal is a passive investor in a private investment fund that is not affiliated with MDP; such private investment fund sells its portfolio company to an MDP Fund or that other private investment fund invests in a portfolio company of an MDP Fund). In addition, these Personal Investments include debt and other funds that have invested, and may in the future invest, in debt or other securities of certain current or prospective portfolio companies; in some cases, the MDP Principal provides an introduction of such fund as a potential lender to or investor in a current or prospective portfolio company. As a result, such MDP Principal, through such Personal Investment, would indirectly hold debt investments or other securities of such portfolio company. These Personal Investments may also include an investment in a fund or other entity managed by an investor in a Fund, which could encourage the MDP Principal to grant such investor preferential or favorable treatment (including, for instance, with respect to co-investment opportunities). With respect to conflicts created by a Personal Investment, these conflicts are partially mitigated by the requirement that each MDP employee is required to pre-clear such investment and where such Personal Investment is made in a fund vehicle, the MDP Principal is typically a passive investor and such person does not control or have any input to the investment decisions being made by such fund vehicle. In addition, conflicts arise when an MDP Fund or portfolio company is seeking to make an investment in a company that is a Personal Investment; in

certain cases, Advisory Board consent is required under the applicable Fund's Governing Documents before the MDP Fund or portfolio company can make such investment. These conflicts are further mitigated by the fact that the economics received by the MDP Principal derived from an interest in a Fund typically materially exceed the economic benefit received with respect to a Personal Investment. While MDP Principals' significant Fund investments generally operate to align such persons' interests with the Funds, such MDP Principals may have differing interests from the Fund with respect to certain investments (for example, the availability and timing of liquidity).

MDP Principals and employees have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel, or owners of companies which are actual or potential investments of the Funds or other counterparties (e.g., service providers) of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with, companies that are owned by such family members or in respect of which such family members have other involvement. The fees for services provided by such service providers may or may not be at the same rate charged by other third-party service providers and MDP is not required to select service providers who may have lower rates (or to engage in any benchmarking of such fees). In most such circumstances, the Funds' Governing Documents will not preclude the Funds or their portfolio companies from undertaking any of these investment activities or transactions.

In addition, MDP receives and generates various kinds of portfolio company data and other information, including confidential and/or sensitive information related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, ESG, employees, commercial and transactional information, user data, cost data and related data and information, and other metrics, some of which is sometimes referred to as "big data." MDP and its affiliates may enter into arrangements (whether formal or informal) or understandings with portfolio investments to facilitate the sharing of data and/or analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to, among other things, allow MDP, its affiliates and personnel, other Funds and/or their portfolio companies (collectively, the "Data Recipients") to enhance and improve operations, develop investment opportunities and strategies, identify specific investment or business opportunities, as well as better discern a particular industry, company, economic, environmental, social, governance or other trends and developments.

Further, data is expected to be aggregated across the Funds and their respective portfolio companies and, in connection therewith, MDP is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. MDP may also share data from a portfolio company of one Fund with a portfolio entity of another Fund, which may increase a competitive disadvantage for, and indirectly harm, such portfolio company.

Except for (a) contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use or distribution and (b) compliance with applicable laws, MDP is generally free to use (and has used and intends to continue to use) data and information from a Fund's and its portfolio companies' activities in its sole discretion for the benefit of the Data

Recipients. The use of such data may present a conflict of interest, and MDP does not intend to specifically disclose such conflicts to the relevant Funds or their investors. MDP uses this information in a manner that may provide a material benefit to the Data Recipients without compensating or otherwise benefitting the Fund or portfolio company from which such information was obtained. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by MDP and its affiliates, without the source of the data being directly compensated. MDP may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits MDP and/or investments held by other Funds. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to determine the compensation for such information. Any benefits received by the Data Recipients from the sharing and use of “big data” and other information will not offset the Management Fee or otherwise be shared with a Fund or its investors. In addition, portfolio companies may also incur incremental expenses in collecting and organizing information requested or required to be furnished to MDP (which expenses are indirectly borne by the applicable Funds invested in the portfolio company providing this data). Any such expenses incurred is not expected to be borne by the Data Recipients.

#### Special Purpose Acquisition Vehicles (SPACs).

A special purpose acquisition company (a “SPAC”) is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition, or other similar business combination, of one or more operating businesses. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust account until the target company is acquired or a pre-determined period of time elapses. In the future, MDP, its affiliates and/or its Principals may sponsor one or more SPACs and, in connection therewith, may receive management shares in such SPAC (and for the avoidance of doubt, any amounts earned with respect thereto will not offset the Management Fees of a Fund or be for the benefit of the Fund). Based on the investment strategy typical for a SPAC, such activity will not be subject to the restrictions on the formation of a successor fund or the outside investment activity restrictions set forth in the Funds’ Governing Documents. Conflicts arise as a result of such activities, including as a result of: (a) such a SPAC entering into a transaction with a portfolio company of an MDP Fund, (b) an investment in such SPAC by an MDP Fund, and (c) an MDP Fund making an investment or committing to make an investment in the future alongside the SPAC. In addition, conflicts of interest exist in allocating MDP personnel time to the SPAC and in allocating investment opportunities. MDP would be expected to create policies or procedures for allocations of investment opportunities between the Funds and the SPAC. MDP would seek to resolve such conflicts in a manner that MDP deems fair and equitable to the extent possible under the prevailing facts and circumstances and that is consistent with the Governing Documents of the applicable MDP Fund and the SPAC.

#### Platform Builds and Holding Companies

The Funds may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company (“Holding Company”) would be created that would acquire and manage the companies in the platform. Holding Company or platform structures may change during the

investments' hold period, for instance, in connection with restructurings or dispositions, and platform structures may allow the Fund to invest in new companies outside of the Fund's active investment period. The investments in the Holding Company may be managed together (including, for example, the use of common service providers), combined and/or otherwise sold together as part of a single transaction or series of related transactions). The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company (e.g., Executive Teams). For additional information regarding Executive Teams, please see "*Other Amounts Paid by Portfolio Companies or Funds; Consultants*" in Item 5 above. In addition, as the Adviser earns Management Fees and Carried Interest from the Fund, the Adviser will benefit from the assets, income and gains of the Holding Company.

#### Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund or Funds has previously invested. A Fund may participate in investment, re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. MDP would seek consent of the applicable Fund Advisory Board for such transactions to the extent required under the applicable Governing Documents. See also the discussion under "*Cross-Transactions; Continuation Transactions; Portfolio Company Transactions*" and "*Conflicts Related to Purchases and Sales of Investments*" and "*Allocation of Investment Opportunities Among Clients*" above.

Furthermore, a conflict of interest also arises because a Fund that participates in an investment in a portfolio company held by another Fund will benefit from the initial evaluation, investigation and due diligence undertaken by MDP on behalf of the original Fund and from operational or other information about such portfolio company acquired from the original Fund's ownership of interests in the portfolio company. In such circumstances, such benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Fund and an investment by one or more other Funds in any such portfolio company may dilute the original Fund's interest in such portfolio company.

Additionally, MDP at times will make a follow-on investment in a portfolio investment because such follow-on investment protects the rights given to the investing Fund (or another Fund) previously, such follow-on investment is required to be made as a result of the funding of a Fund guarantee to portfolio company lenders, or for strategic reasons, even when such follow-on investment's valuation has decreased since the original investment.

#### Fee Structure

Because the Management Fee is, at certain times during the life of the Funds, based upon unreturned capital contributions, this fee structure creates an incentive to deploy capital when MDP would not

otherwise have done so and to forego an opportunity to liquidate an investment when MDP may otherwise have done so.

MDP has discretion in determining whether an investment has been permanently written down, which impacts the calculation of Management Fees. As provided in the Funds' Governing Documents, during the step-down period of a Fund, the Management Fees with respect to such Fund are typically calculated based on unreturned capital, which is reduced by any investments that are permanently written down. As a result, a conflict of interests exists because MDP has an incentive to refrain from or delay permanently writing down investments in order to ensure the Management Fee base does not decrease, which would result in higher Management Fees ultimately paid to MDP. In general, MDP evaluates several criteria in determining whether to permanently write down an investment, including, without limitation, how long the investment has been held, length of time the investment has been marked down, materiality of markdown, anticipated holding period of the investment, anticipated sales of the investment, volatility in valuation, impact of market conditions on valuation, output from all valuation methodologies, and anticipated recovery path for the investment. MDP may change these criteria in its sole discretion from time to time and MDP has flexibility in determining the applicability and weighting of each factor and has ultimate discretion in determining whether an investment should be permanently written down. As a result, MDP is permitted to determine that even extremely distressed investments should not be permanently written down. There can be no assurance that an investment, in hindsight, should have been permanently written down or should have been permanently written down at an earlier date.

Additionally, as discussed above in Item 6, the General Partners (who are affiliates of MDP) of many Funds are entitled to Carried Interest under the terms of the Governing Documents of such Funds. The existence of the Carried Interest or the potential to receive more Carried Interest with respect to particular Funds creates an incentive for MDP to cause such Funds to make additional, riskier or more speculative investments than they would otherwise make in the absence of performance-based compensation and to take more liquidity risk with existing investments than they would otherwise make in the absence of such Carried Interest because the potential upside to the Carried Interest of such investments outweighs the potential negative impacts on the Carried Interest. In addition, the General Partner is incentivized to hold investments that have poor prospects for improvement in order to receive ongoing Management Fees in the interim and maintain the potential to receive Carried Interest distribution if such asset's value appreciates in the future. Additionally, to the extent that MDP Principals are assigned varying percentages of Carried Interest from the Funds, such Principals are subject to conflicts of interest because they are incentivized to make investment or sale decisions with respect to Funds from which they are entitled to receive a higher Carried Interest percentage.

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

The General Partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other



charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its Carried Interest and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition or distribution of investments).

The conflicts of interest created by the receipt of such fees, reimbursements and/or offsets to the Management Fee are also described in Item 5 above.

#### *Fund Level Borrowing or Guaranties*

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or to the extent a Fund is required to make payments as a result of its guaranty of portfolio company debt, such Fund's investors generally will be required to make later capital contributions, but the Fund will bear the expense of interest and fees on such borrowed funds. As a result, a Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and the amount of Carried Interest such Fund's General Partner receives, as these calculations generally depend on the amount and timing of capital contributions. Thus, while the Fund will bear the expense of borrowed funds (of which the Carried Interest bears 20%), such borrowings can also increase the Carried Interest received by the Fund's General Partner or will result in the Fund's General Partner receiving Carried Interest earlier than it would otherwise have by decreasing the amount of distributions from the Fund that are required to be made to Fund Investors in satisfaction of any preferred return. Additionally, because the use of leverage (including guaranties) at the Fund level can make the calculation of returns (e.g., net internal rate of return and net multiple of money) higher or lower than it otherwise would be without fund-level borrowing and can increase the amount of a General Partner's Carried Interest, the General Partner may be incentivized to utilize (or increase its utilization of) such leverage where the use of leverage results in an enhancement of the calculation of returns, which may be considered to benefit the marketing efforts of the Adviser and its affiliates. Any borrowing by a Fund or a guaranty by a Fund of portfolio company debt will diminish returns (or increase losses on capital) to the extent overall returns are less than such Fund's cost of borrowing. In some circumstances, the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings. Further, the Funds will also utilize subscription facilities to benefit co-investment parties. For example, a Fund will borrow to fund a co-investment party's pro rata share of an investment or expense related to an investment. While the General Partner expects that all parties (including the General Partner and any co-investment party) will bear their pro rata share of the interest expense, in some circumstances, (a) certain parties may not bear the interest expense (for example, management teams of a portfolio company and MDP Consultants might not bear the interest expense) and (b) even if such parties pay for their pro rata share of such interest expense, they may not necessarily pay for origination and other costs allocable to the extension of credit, and in such circumstances, the Fund will bear a disproportionate amount of the credit risk and/or credit expense in incurring the debt on behalf of other parties.

In addition, the batching of capital calls results in fewer but larger capital calls which may amplify the magnitude of potential defaults by investors. To the extent a subscription facility is due upon demand

by a lender (based on the terms of such facility, upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

Borrowing by a Fund will generally be secured by capital commitments made by the investors to the Fund and/or by a Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing.

The use of Fund-level borrowings will differ based on available credit facility capacity and contractual terms applicable to each Fund and each such credit facility. Therefore, as the subscription credit facilities utilized by the Funds may have different terms, while the Funds may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the relevant Governing Documents, the investment return can, in certain circumstances, differ among the Funds as a result.

#### Diverse Investors

The investors in the Funds generally include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund and the structure of the acquisition or disposition of such investments. As a consequence, conflicts of interest arise in connection with decisions made by MDP or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In structuring, acquiring and disposing of investments appropriate for a Fund, MDP and its affiliates will generally consider the investment and tax objectives of the applicable Fund and the investors as a whole, unless otherwise required by the Governing Documents.

#### Positions with or Services to Portfolio Companies; Portfolio Company Conflicts

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

From time to time, current or former employees of MDP may also receive compensation or fees from a portfolio company which may not subject to a Management Fee offset or otherwise shared with the Funds and/or their investors. Please see the discussion above under Item 5 for additional details.

On occasion, in connection with the sale of a portfolio company, a Fund continues to own an interest in a "holding company" (the parent of the underlying portfolio company) and MDP or such Fund will be named or act as a "Seller's Representative" (or other similar role) with respect to various post-closing matters (such as administering post-closing earn out payments to the sellers). Such roles and

activities may subject MDP, its affiliate or a Fund to claims they would not otherwise be subject to in the absence of these roles/activities. In general, the Funds will indemnify MDP and its affiliates, Principals, employees and partners from such claims.

Certain employees of or other persons related to MDP or its affiliates may in the future be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances and subject to the applicable Governing Documents, the portfolio companies will pay such person's fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and reimburse MDP or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. MDP may also advance compensation to these individuals and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by MDP or its affiliates to such persons can be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the payment by the portfolio company will not be deemed a Transaction Fee and therefore the Management Fee paid or Carried Interest distributed by the Fund to MDP will not be reduced as a result. Any amounts paid to such persons by a portfolio company (or paid by MDP and reimbursed by a portfolio company) will not be treated as expenses of the Fund and will not reduce the Management Fee otherwise payable to MDP or any Carried Interest otherwise payable to MDP or its affiliates, though such compensation and incentives will be borne by the Fund indirectly as a result of its ownership interest in such portfolio company.

In addition, employees of MDP have in the past and may in the future, on occasion leave the employment of MDP or its affiliates and become an officer, director or employee of a portfolio company, which shifts the burden of compensation of such person from MDP to the portfolio company. Such employees may fill open roles or newly created roles at the portfolio company and MDP may provide guidance on target compensation to the portfolio company's management or other persons involved in the hiring determination for such person. Any compensation (cash, equity, profits interest or otherwise) received by a former MDP employee from the portfolio company is not defined as "Transaction Fees" under the applicable Governing Documents (and as a result, is not offset against the Management Fee or applicable expenses). Conversely, employees of a portfolio company have in the past and may in the future, on occasion leave the employment of the portfolio company and become an employee of MDP or its affiliates, which may adversely affect such portfolio company.

MDP's recommendation of Consultants to provide services to a Fund or portfolio company often causes such Fund or portfolio company to have on-going business dealings, arrangements or agreements with persons who are Fund portfolio companies, current/former employees of MDP or a portfolio company or current/former executive partners or industry advisory group members of MDP. The Funds or their portfolio companies typically will bear, directly or indirectly, the cost of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price, quality of service and/or more positive benefits could be obtained from another person.

In addition, certain portfolio companies controlled by a Fund may from time to time in the future engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy,

environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such laws, regulations or jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

At times, the Funds may acquire portfolio companies that compete in certain geographic areas or sectors with portfolio companies held by other Funds, which can result in competition among such portfolio companies for lenders, products, service providers, employees or customers, among others. In addition, a portfolio company may provide services or sell products to, or hire employees from, another portfolio company (whether of the same Fund or a different Fund). In providing advice to a portfolio company's business, MDP is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to a separate portfolio company owned by the same or another Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, increase its own prices, purchase assets from, or sell assets to another portfolio company at a price that is more advantageous for one portfolio company over the other portfolio company, or commence litigation against another portfolio company. See the discussion above under "*Cross Transactions; Portfolio Company Transactions*"

In most cases, an MDP employee's fiduciary duties as a director of their portfolio companies are contractually waived. Where an MDP employee's fiduciary duties as a director are not waived or waivable, conflicts of interest may arise in the event that an MDP employee's fiduciary duties as a portfolio company director conflict with those of the Fund. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employee's fiduciary duties among the two portfolio companies may create a conflict of interest (this can happen, for example, when a potential add-on acquisition target is appropriate for both companies). At times, because of such duties or other legal reasons (e.g., information that is attorney-client privileged), such directors may not be able to share confidential information concerning such portfolio company with MDP or another portfolio company, which information could otherwise be beneficial for MDP or such other portfolio company to understand.

#### Side Letter Agreements

To the extent permitted under applicable law, MDP often enters into certain side letter agreements with certain investors in a Fund ("side letters") providing such investors with different or preferential rights or terms, including but not limited to, different or preferential fee structures, other preferential economic rights, rights not to invest in a particular type of company (which, if exercised, will increase the percentage of interest of the participating investors in, and contribution obligations of such investors with respect to, such investments), information rights (including those with respect to environmental, social and governance reporting), disclosure rights, rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a particular investor, modification of representations, indemnification and/or liability and other obligations, co-investment rights, withdrawal, liquidity or transfer rights. Such side letters may create conflicts of interest among investors in a Fund because MDP, pursuant to its side letters, may be required to act in a different

manner than it otherwise would have in the absence of such arrangements. Side letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. The Governing Documents of a Fund describe when an arrangement or document constitutes a “side letter” and when a side letter is required to be disclosed to other investors in the same Fund. Also, investors will have no recourse against a Fund, the applicable Fund’s General Partner, MDP or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors. Although, to the extent permitted under applicable law, many side letters are not required to be disclosed to other investors in the same Fund, such non-disclosable side letters are often provided to certain investors upon their request.

#### *Recommendation and Retention of Service Providers*

Services required by a Fund are outsourced in whole or in part to Third Parties (as defined above), in the discretion of MDP or its affiliates, including services that have been or could be expected to be performed in-house by MDP and its personnel. This creates a conflict of interest because MDP and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of MDP personnel to perform other services, including performing services unrelated to the Funds or to perform services that benefit MDP. Such services may include, without limitation, deal sourcing, certain elements or portions of investment diligence, information technology, recruiting, talent management, license software, depository, depository, anti-money laundering, sanctions and “know your customer” review, entity management, data processing, client relations, operational, administration, custodial, marketing and marketing-reviews, accounting, valuation, fund administration, human resources, director services, compliance, corporate secretarial, ESG, impact, legal and tax support and other similar services. Outsourcing may not occur uniformly for all Funds and accordingly, certain costs may be incurred by a Fund for a Third Party service provider that is not incurred for comparable services by other Funds. The decision by MDP to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a Third Party service provider in the future and MDP has no obligation to inform the Funds or investors of such a change. Such services occasionally supplement, or are performed alongside services performed by MDP or its affiliates. The costs and expenses of any such Third Party service providers will be borne by the relevant Funds. These costs and fees will not reduce the Management Fees or any other fees otherwise payable to MDP or its affiliates. The determination of whether a third-party expense is paid by a portfolio company, a Fund or MDP (and the allocation of such expense) will be made in MDP’s sole, good faith discretion.

The same law firm and service providers (such as Consultants) are often retained by MDP, the Funds, and/or their respective portfolio companies. For example, a law firm or consultant may be retained by these parties with respect to a particular transaction in which all such entities are involved or by each of them separately with respect to different matters. Members of such law firm or other service providers may be investors (directly or indirectly) in a Fund or a portfolio company and may also represent other investors in such Fund or portfolio company or personnel of MDP. In the event of a significant dispute or divergence of interest between MDP and/or its affiliates, the Funds, their respective portfolio companies, and/or Fund Investors, the parties may need to engage separate

counsel. Such separate representation could increase the ultimate costs to the Funds and/or portfolio companies than otherwise would have been incurred.

In addition, MDP generally may, in its discretion, contract with any related person of MDP (including but not limited to a portfolio company of a Fund, executives, directors and/or employees of a portfolio company, and/or investors in a Fund). In addition, MDP and its Principals and employees commonly recommend to a Fund or to a portfolio company thereof (regardless of whether in response to a request for a recommendation or otherwise) that it engage in commercial relationships or contract for services with (i) Consultants, (ii) an entity or person who also provides services to MDP (including but not limited to law firms, accounting firms, consultants, lenders, commercial or investment bankers and group purchasing organizations), (iii) other portfolio companies, or (iv) an entity or person with whom MDP or its affiliates or a member of their personnel and/or their family members or relatives has a relationship or from which MDP or its affiliates or their personnel otherwise derives financial or other benefit (including benefits such as Personal Investment opportunities or the receipt of gifts and/or entertainment). The existence of and nature of such relationships raises conflicts of interest between MDP and/or its personnel, on the one hand, and the Funds and its portfolio companies, on the other hand, in determining whether to engage such service providers and if engaged, on what terms and conditions. MDP has a conflict of interest in entering into such contracts or making such recommendations, because MDP or its personnel have financial, business or personal interest or relationships (e.g., personal banking, wealth management or lending arrangements with respect to MDP personnel or their estate planning vehicles, discounted fees or receipt of gifts or entertainment (some of which may be exclusive or hard to value) they would not receive absent such engagement, potential future deal flow, etc.). Such interests create an incentive to recommend a service provider even if a different entity or person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. For example, MDP is incentivized to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will actually result in future deal flow for such Fund, and in certain cases, future deal flow may inure to the benefit of a different Fund rather than the Fund making the payment.

An investor in a Fund (or an affiliate of such investor) may also be a service provider to or enter into a business relationship with, such Fund, another fund managed by MDP or one of its affiliates, or one of their portfolio companies (including providing mezzanine and other lending arrangements to such portfolio companies). This creates a conflict of interest, as MDP may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor, absent such service provider or business relationship. In addition, MDP will have a conflict of interest in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds, will provide MDP information about markets and industries in which MDP operates, will provide other services that are beneficial to MDP, and/or will provide financial sponsorship of events held by MDP (such as transaction closing dinners or outings, social or entertainment events or informational summits or training events for MDP or portfolio company personnel). Because certain expenses are paid by a Fund and/or its portfolio companies or, if incurred by MDP, are reimbursed by a Fund and/or its portfolio companies, MDP may not necessarily seek out the lowest cost options or confirm such fees are comparable to the market rates for such services when incurring (or causing a Fund or its portfolio companies to incur) such expenses. MDP generally has

an incentive to recommend the products or services of certain investors or prospective investors in the Funds to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to MDP, its personnel, the Funds, and/or the portfolio companies. As a result, MDP or its personnel from time to time receives a more favorable rate on services provided to it by such a common service provider than those rates payable by the Funds and/or the portfolio company, or from time to time receives a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between MDP and its personnel, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that MDP will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to MDP or its personnel or its affiliates, and the Management Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

MDP often recommends the services of one of its portfolio companies in one of its Funds (a “Provider”) to another portfolio company to provide products and/or services, even if other service providers could provide the same or similar services at a lower cost or with a higher quality. This creates a conflict of interest because MDP has an incentive to recommend a Provider which could benefit the Fund that has an investment in such Provider (potentially resulting in an economic benefit to MDP through Carried Interest). When recommending the services of a Provider to the Funds or another portfolio company, MDP typically does so because it believes in its reasonable judgment that the services offered by the Provider are of similar quality as or better than the services provided by the Provider’s competitors and that the Provider’s services have comparable (or in some cases, more desirable) terms and conditions. However, MDP does not confirm that such terms and conditions are in fact comparable or “market” and undertakes no obligation to do so when making recommendations to portfolio companies, nor does MDP require that a portfolio company use a Provider. Also, regardless of whether MDP has a relationship with a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In certain circumstances where MDP commits or has committed to seek “market” or “arms-length” rates or terms, MDP will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, MDP undertakes no minimum amount of benchmarking or frequency of benchmarking rates, and does not represent that any such benchmarking ultimately will be accurate, comparable, or relate specifically to the assets, services, geographies, or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, MDP reserves the right to rely on approximations or estimates of time for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not MDP has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the

applicable services or could provide such services at lesser cost. To the extent the Funds engage in a long-term or recurring contract with an MDP affiliated service provider, MDP may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time.

MDP or its affiliates engage certain service providers (including law firms) on behalf of the Funds and personnel of such service provider may in the future be seconded to MDP or its affiliates on a temporary basis or serve in an internship capacity. While the cost of such secondees is generally borne by the Funds, MDP might also be a beneficiary of these arrangements. Such personnel may, under certain circumstances, provide services in respect of multiple matters, including in respect of matters related to the Funds, MDP, its affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in MDP's discretion taking into consideration the usage of such personnel. The Management Fee will not be offset or reduced as a result of these arrangements or any fees, expense reimbursements, or other costs related thereto.

MDP and the Funds will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest (e.g., cross transactions and other affiliated transactions). Members of the law firms engaged to represent the Funds may be investors in a Fund and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, MDP and/or its affiliates, the parties may engage separate counsel in the sole discretion of MDP and its affiliates, and in litigation and other circumstances separate representation may be required.

#### Distributions of Securities

The Governing Documents of certain Funds permit MDP to cause such Fund to distribute its share of securities resulting from an investment disposition by such Fund to MDP, its related General Partner entities or their partners in-kind, while disposing of the limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to such limited partners. This ability creates conflicts of interest between MDP, its related General Partner entities or their partners, and the limited partners of the applicable Fund, because MDP may have an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case for MDP, its related General Partner entities or their partners, because such persons would be able to keep such securities for future upside. In cases where this upside is achieved, if the limited partners received cash distributions instead of in-kind distributions, the limited partners will be denied the benefits of that upside had the Fund retained the securities, and the General Partner will receive more value from the securities than it would have had its distribution been paid in cash. In the event the General Partner or its partners, receive such a distribution, the General Partner and such partners will generally act in their own interest with respect to their share of securities and will determine to sell the distributed securities or hold on to the distributed securities for such time as they determine. The General Partner and its partners will also possess and have access to more information on portfolio companies that limited partners of the Funds may not, putting them in a better position to determine whether to make an election to receive an in-kind distribution of securities instead of selling such securities. The ability of the General Partner and its partners to act in their own interest with respect to such distributed shares creates a conflict of interest between the General Partner or its partners, as an adviser to the Fund, and the Fund. In addition, under the Governing Documents of the Funds, MDP typically has the authority to cause the Funds to distribute certain in-kind securities to its investors. When such distributions are made, the methodology for valuing such distributed securities



are set forth in the Governing Documents and generally allow MDP to receive its Carried Interest distributions based on the gross value of such distribution. This may incentivize MDP to distribute securities instead of distributing cash proceeds received upon the sale of such securities.

#### Other Potential Conflicts

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

Subject to the applicable Fund's Governing Documents and the policies and procedures set forth in MDP's Code of Ethics, MDP, its affiliates, and partners, members, officers, Principals and employees of MDP and its affiliates may (directly or indirectly) buy or sell securities or other instruments: (a) that MDP has recommended to the Funds, (b) that were offered to the Funds and reviewed by such Funds but were determined by MDP not to be an appropriate investment for such Funds, and/or (c) that were not offered to the Funds. A conflict of interest may arise in such instances because such persons will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, expenses incurred by the relevant Fund in connection with the investment opportunity will generally be reimbursed to such Fund by such persons. Some of these Personal Investment opportunities include companies that compete with the portfolio companies of the Funds. A conflict of interest can arise in the event such persons take action (for example, by providing additional funding) with respect to a Personal Investment that could be disadvantageous or competitive to the portfolio company of the Funds. Personal Investments are typically passive investments, are required to be pre-approved by MDP and such persons are subject to confidentiality restrictions which prohibit them from using portfolio company or Fund confidential information for the benefit of their Personal Investments. These policies help mitigate the potential conflicts of interest described in this section. In connection with the purchase or sale of such Personal Investments, time will be spent by such persons in evaluating, negotiating, monitoring and disposing of such investments. Subject to the applicable Fund's Governing Documents, time spent in connection with these other investment activities can be material, which can result in such person devoting more time and attention to such Personal Investments and less time and attention to the activities of the Funds, which creates a conflict of interest. In addition, such investing Adviser Personnel may also make a Personal Investment in private equity funds, hedge funds, real estate funds, debt funds and other similar investment vehicles, which may include potential competitors of the Funds. The investors in the Funds will not benefit from any such Personal Investments.

Certain portfolio companies of the Funds participate in a group purchasing organization pursuant to which they each receive favorable procurement terms, including fees, incentive payments, rebates, discounts or other financial benefits. The Adviser also participates in such group purchasing organization and is eligible to receive favorable terms that are consistent with those provided to all

members (including portfolio companies of the Funds) of such group purchasing organization. Specifically, the Adviser does not expect to receive any fees or discounts that are greater than those that are received by its Funds or portfolio companies (for the same type and amount of purchases). In certain cases, such arrangements involve the sharing of risk, such as under group insurance arrangements where deductibles are shared or calculated with regard to the group rather than individual insured parties. Any discounted amounts or other economic benefits received by MDP are neither offset against the Management Fee nor otherwise shared with the relevant Funds.

MDP and its personnel have received in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund and its portfolio companies, including gifts, entertainment, benefits and other discounts provided from service providers or portfolio companies. Additionally, MDP and the Funds have received in the past and may, from time to time in the future, receive products or services from portfolio companies at a discount or free of charge. The benefits received by a portfolio company providing a service may not be commensurate with those received by the Funds and its portfolio companies receiving the service. Additionally, airline travel or hotel stays incurred as Fund partnership expenses are expected to result in rebates, “miles” or “points,” or credit in loyalty/status programs to MDP and/or its personnel. Such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value) will exclusively benefit MDP and/or such personnel even though the cost of the underlying service is being borne by the Funds, their investors, and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors, and/or the portfolio companies. In addition, airline travel (and other related travel expenses) incurred as a Fund partnership expense for MDP personnel traveling for Fund-related purposes (including travel related to a portfolio company, a prospective portfolio company, or other Fund-related matters) may benefit such MDP personnel to the extent the trip also has a personal purpose. MDP personnel (including those that participate on a portfolio company’s board of directors or as a Board observer) receive gifts and/or entertainment from a portfolio company that is generally offered to all Board members or all guests at a business event. MDP board members and personnel are also invited from time to time to participate in events hosted by portfolio companies such as industry forums, sporting events, concerts, shows, retreats and employee offsites and their participation in such events, travel (including use of portfolio company private planes), lodging and meals are often paid for by the portfolio company for such events. Such entertainment events may not be offered to other portfolio company board members or personnel, and such entertainment may be otherwise exclusive in nature and hard to value. MDP will often value such entertainment events based on the cost to the portfolio company rather than market value (which may be materially different). From time to time, spouses and family members of MDP personnel are invited by the portfolio companies to such events, and such portfolio company will incur incremental costs for such spouse and/or family members to participate. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors, and/or the portfolio companies.

In the course of MDP’s operations, including research, due diligence, investment monitoring, operational improvements and investment activities, MDP and its personnel expect to receive and benefit from information, “know-how,” experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, “MDP Information”). In many cases, MDP Information will include tools,

procedures and resources developed by MDP to organize or systematize MDP Information for ongoing or future use. Although MDP expects its Funds and their portfolio companies generally to benefit from MDP's possession of MDP Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which MDP Information was originally received. MDP Information will be the sole intellectual property of MDP and solely for the use of MDP. MDP reserves the right to use, share, license, sell or monetize MDP Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization.

MDP and its affiliates may hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Also, family members related to MDP employees have been and, in the future, may be employed or otherwise engaged by a Fund's portfolio company or one of its service providers. Such arrangements could present a conflict of interest in the event a Fund's portfolio company or its service provider employing or engaging the MDP employee's family member is viewed as a favor for the benefit of such MDP employee. Although MDP uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee MDP can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

The General Partner of a Fund will appoint one or more limited partner representatives to such Fund's Advisory Board. The Fund Advisory Board may have the ability to approve conflicts of interests a certain other actions with respect to the Adviser, the applicable Fund and, in some cases, certain co-investment vehicles, which could be disadvantageous to the investors. Members of one Fund's Advisory Board may also be a member of another Fund's Advisory Board. In such instances, a conflict of interest exists because the Funds on which such overlapping Advisory Board members serve may have conflicting interests and such Advisory Board members may be asked to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote. An Advisory Board member may consider the interests of the limited partner it represents over the interests of the limited partners as a whole when voting or consenting to any matter submitted to the Advisory Board. Any approval or consent given by such Fund Advisory Board tends to be binding on such Fund or co-investment vehicle (as applicable) and all of its investors. Fund Advisory Boards are also generally authorized to give approvals or consents required under the Advisers Act, including under Section 206(3) of the Advisers Act. To the extent that an investor is not represented by a member of the Fund's Advisory Board, such investor will have no influence over matters submitted to such Fund Advisory Board for approval. The members of the Fund Advisory Boards may also have interests in both Funds participating in a transaction and could favor the interests of one Fund over the other. The Governing Documents will provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Funds or any other partner, and such Advisory Board members will be indemnified by the applicable Funds. In addition, representatives of the Advisory Board may have various business and other relationships with MDP and its partners, employees, affiliates, and portfolio companies, as well as other private equity sponsors unrelated to MDP. These relationships may influence their decisions as members of the Advisory Board. Although these relationships can influence their decisions as members of the Advisory Board, this conflict of interest is partially mitigated by the fact that the Funds' Advisory Boards consist of several members (and each member has one vote).

MDP has in the past and may in the future cause one or more Funds to purchase, and/or bear premiums, fees, costs, taxes and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, MDP and/or their respective directors, officers, employees, agents, representatives, members of the Advisory Board and other indemnified parties (the “Insured Parties”), against liability in connection with their activities. This may include all or a portion of any premiums, fees, costs, and expenses for one or more “umbrella” or other insurance policies maintained by MDP that cover one or more Funds and/or MDP, including the Insured Parties. MDP will determine the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or MDP on a fair and reasonable basis, consistent with the Governing Documents of the Funds, as applicable, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

The Governing Documents of certain Funds permit MDP, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between MDP or its applicable affiliate and the Fund acting as borrower.

The Governing Documents of certain Funds permit MDP to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information will typically be withheld from limited partners that are subject to Freedom of Information Act or similar public disclosure requirements. MDP may elect to withhold certain information to such limited partners for reasons relating to MDP’s public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

## **Item 12. Brokerage Practices**

As the Funds invest primarily in private equity transactions, MDP anticipates that the use of brokers or dealers for trading in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies). However, to meet its fiduciary duties to the Funds, MDP has adopted written policies intended to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

For each of the Funds, MDP or an affiliate has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker or dealer (excluding a firm that is retained to facilitate an in-kind distribution), MDP will seek “best execution” of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services as described below. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances described below. After taking into account such circumstances,

MDP may not necessarily pay the lowest commission. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, MDP's applicable investment team and/or the Chief Financial Officer and Head of Capital Markets will take into account all factors that they deem relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the amount of the commission or discount, the size and structure of the transaction, the nature of the market for the security, ability to find sources of liquidity, ability to make trades without unduly impacting the market, speed of execution, experience with and knowledge of the underlying security or its issuer, the reputation, experience and financial stability of the broker or dealer, legal requirements (e.g., market-maker status for certain Rule 144 trades), and the quality of service rendered by the broker or dealer in other transactions. MDP does not have a duty or obligation to seek in advance, competitive bidding for the most favorable commission rate applicable to a particular transaction or to select any broker or dealer on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of broker or dealer fees.

To the extent consistent with achieving best execution, MDP may also consider other business a particular broker or dealer may have done with MDP, such as identifying investment opportunities, performing investment banking services and/or providing services to MDP's Principals and employees. MDP has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from Fund transactions (so called "soft dollar" arrangements). MDP receives such research that it believes is made available to other institutional investors and generally does not "pay up" (e.g., pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker or dealer's brokerage commissions paid by a Fund (i.e., soft dollars) for brokerage and research services that fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. A conflict of interest exists when a broker or dealer provides such research services, however, as MDP will have an incentive to favor such broker or dealer over others that may charge lower commissions. MDP generally does not make use of "soft dollars" at the current time.

### **Aggregation of Trades**

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

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

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly MDP's review of them is not directed toward a short-term decision to dispose of securities. However, MDP closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies, including in most cases, through representation on the board of directors of such companies. In addition, MDP and its designees often will constitute a majority of the board of directors of companies financed by the Funds, since many of the Funds' investments are control investments. After MDP consummates a transaction, the Principals, on an ongoing basis, closely monitor the progress of portfolio companies in the implementation of their business strategies and their performance. In addition, MDP has established a separate committee (called the Portfolio Support Group) designated to monitoring portfolio company performance, which provides an additional level of review of each portfolio company on a periodic basis (which may be increased in frequency for portfolio companies that require more attention).

### **Reporting**

Investors in the Funds typically receive, among other information, a copy of audited financial statements and a quarterly performance report of the relevant Fund within 90 days after the fiscal year end of such Fund, as well as unaudited quarterly performance reports within 45 days after the end of each of the first three fiscal quarters of each fiscal year. In addition, investors in the Funds generally receive required tax information; information concerning the Funds' portfolio companies; and Fund and portfolio company information as part of MDP's annual investors' meeting. The investors in a particular Fund may receive different reports and information than the foregoing, depending on the Governing Documents applicable to such Fund. In addition, MDP will from time to time, in its sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as it deems appropriate or as may be required pursuant to side letters negotiated with such investors.

## **Item 14. Client Referrals and Other Compensation**

For details regarding economic benefits provided to MDP by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, MDP, its personnel and other related persons will, in certain instances, receive discounts on or complimentary products or services (e.g., baseball cards and waiver of fees) provided by current or former portfolio companies of the Funds and/or the customers or suppliers of such portfolio companies. Such discounts or complimentary products or services (e.g., baseball cards and waiver of fees) are similar to those provided to management or employees of such portfolio companies.

MDP has engaged in the past, and may from time to time in the future engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests in such Fund to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. In addition, placement agent expenses, including but not limited to placement agent travel (including travel expenses, such as "black car" or other private vehicle

transportation, ride sharing transportation services and other modes of transportation, charter/private, first class or business class airfare, upgrades or equivalent, and lodging and meals (including premium lodging, accommodations and meals), in each case to the extent permitted by the terms of the applicable placement agent agreement), meal and entertainment expenses, typically are borne by the relevant Fund(s) but may also be borne by one or more portfolio companies. Management Fees received by MDP are generally offset by the amount of such placement fees paid for by the Fund (and as a result, the Adviser generally bears the costs of such placement fees). Please see discussion under Item 5 above.

### **Item 15. Custody**

To the extent assets of a Fund are held by one or more custodial banks and such Fund is not subject to an annual audit by an independent public accounting firm subject to inspection by the Public Company Accounting Oversight Board, such custodial banks send account statements to investors in such Fund. Fund Investors that receive such account statements should carefully review those statements and compare to the account statements provided by MDP, if applicable.

### **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund. Examples of investment restrictions for private equity Funds include, among others, restrictions on the amount of capital that can be invested in a particular portfolio company and the amount of capital that can be invested outside of the United States and Canada. Such restrictions may in certain cases be waived in accordance with the applicable Governing Documents of a Fund with the consent of such Fund's Advisory Board, consisting of representatives of investors in such Fund who are not affiliated with the Adviser.

Co-investment vehicles and alternative investment vehicles are generally established in order to invest alongside or in the place of one or more Funds in a particular investment opportunity or opportunities, and MDP typically has limited discretion to invest the assets of the co-investment vehicles or alternative investment vehicles independent of the limitations as set forth in the Governing Documents of the co-investment vehicle or alternative investment vehicle and applicable Fund.

### **Item 17. Voting Client Securities**

MDP has established written policies and procedures setting forth the principles and procedures by which MDP votes or gives consent with respect to securities owned by the Funds ("Votes"). The guiding principle by which MDP casts all Votes is to vote in the best interests of each Fund, based on factors it deems appropriate to consider at the time of voting. The Funds generally cannot direct MDP's Vote.

MDP will typically hold one or more seats on the board of directors of a portfolio company owned by a Fund. Subject to the principles set forth above and applicable Governing Documents, MDP, on behalf of the Funds, will typically vote in accordance with the recommendation of MDP's board

designee(s). In all other cases, but subject to applicable Governing Documents, voting decisions initially are referred to the appropriate investment professional for a voting decision. MDP's Chief Compliance Officer has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. MDP's Chief Compliance Officer will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Copies of the relevant proxy log(s), identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Madison Dearborn Partners, LLC, 70 W. Madison Street, Suite 4600, Chicago, Illinois 60602, Attention: Chief Compliance Officer.

#### **Item 18. Financial Information**

Item 18 is not applicable to MDP.

#### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to MDP.