

Snow Phipps Group, LLC
Part 2A of Form ADV
The Brochure

545 Madison Avenue, 10th Floor
New York, NY 10022
(212) 508-3300

March 29, 2024

This brochure provides information about the qualifications and business practices of Snow Phipps Group, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 508-3300. 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 Snow Phipps is also available on the SEC’s website at: www.adviserinfo.sec.gov.

We refer to ourselves as a “registered investment adviser.” Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

Snow Phipps Group LLC (“Snow Phipps”, the “Firm”, “us”, “we”, and “our”) made routine updates and provided clarifying information in this brochure since its last update which was filed on March 31, 2023. This amendment includes revised information contained in Items 4, 5, 7, 8, 10, 14, 15. Additionally, Snow Phipps routinely makes updates throughout the brochure to improve and clarify the description of its business practices, risks and compliance policies and procedures as well as to respond to evolving industry best practices. We encourage all recipients of this brochure to read it carefully in its entirety.

Item 3 Table of Contents

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation.....	5
Item 6	Performance Based Fees and Side-by-Side Management.....	8
Item 7	Types of Clients.....	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9	Disciplinary Information	29
Item 10	Other Financial Industry Activities and Affiliations	29
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	30
Item 12	Brokerage Practices	34
Item 13	Review of Accounts	35
Item 14	Client Referrals and Other Compensation.....	35
Item 15	Custody.....	36
Item 16	Investment Discretion.....	36
Item 17	Voting Client Securities	36
Item 18	Financial Information	36
Item 19	Requirements for State-registered Advisers	37

Item 4 Advisory Business

Snow Phipps is a limited liability company formed under the laws of the state of Delaware. Snow Phipps is primarily owned and controlled by Mr. Ian Snow, the Chief Executive Officer (the “CEO”). Mr. Ogden Phipps, Mr. Alan Mantel and Mr. John Pless, each an Investment Partner (as defined below), are minority owners. Snow Phipps commenced operations in April 2005.

We provide discretionary investment advice to three private equity funds, Snow Phipps Group, L.P. and its parallel investment vehicles (“SPG, LP”), Snow Phipps II, L.P. (“SPII”), and Snow Phipps III, L.P. (“SPIII”) and their related alternative investment vehicles and special purpose vehicles (collectively, the “Funds” or “Clients”). The Funds seek significant long-term capital appreciation through private investments in middle-market companies utilizing an investment strategy that leverages the experience of senior operating executives. SPG GP, LLC is the general partner of SPG, LP, Snow Phipps GP II, LLC is the general partner of SPII, and Snow Phipps GP III, LLC is the general partner of SPIII (collectively, the “General Partners”). Each General Partner is subject to the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Advisers Act”), pursuant to the Firm’s registration in accordance with SEC guidance. This brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Snow Phipps.

Snow Phipps primarily targets companies for investment that are located in North America. Such companies generally have enterprise values ranging from \$100 million to \$500 million that require equity investments between \$50 million and \$150 million. We have occasionally led smaller and larger transactions, up to \$525 million of equity capital, with certain limited partners as co-investors. We generally focus on investments to obtain controlling positions in companies, which are achieved using leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

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 of the applicable Fund. Once invested in a Fund, an investor cannot impose restrictions on the types of securities in which such Fund may invest. Investors in the Funds participate in the overall investment program for the relevant Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory, or other agreed-upon circumstances pursuant to the governing documents; provided that such arrangements generally do not and will not create an adviser-client relationship between the Firm and any investor. Investments in the Funds involve significant risks and should be regarded as long-term in nature, forming only one portion of an investor’s diversified investment portfolio.

TruArc Partners, LP (“TruArc”) has been established as a successor business to Snow Phipps and serves as a sub-adviser to SPG, LP, SPII, and SPIII. TruArc provides discretionary investment advice to TruArc Fund IV, LP and TruArc Fund IV (Parallel), LP (together with any additional parallel investment vehicles and their respective feeder vehicles and alternative investment vehicles, “Fund IV”), a successor fund to continue to execute the same investment strategy employed in SPIII. TruArc Fund IV GP, LLC is the general partner of Fund IV. The Fund IV General Partner has also formed TruArc Fund IV Co-Invest, LP (“TruArc Fund IV Co-Invest”), a co-investment vehicle that co-invests in all or substantially all of Fund IV’s portfolio investments alongside Fund

IV. TruArc also provides discretionary investment advice to TruArc Structured Opportunities Fund, LP (together with any additional parallel investment vehicles and their respective feeder vehicles and alternative investment vehicles, “SOF”). TruArc SOF GP, LLC is the general partner of SOF. TruArc is primarily owned and controlled by Alan Mantel, Ogden Phipps, and John Pless. In addition, Mr. Ian Snow has a minority economic interest in the TruArc. Please see Items 8 and 10 below for further information regarding the Snow Phipps and TruArc relationship.

Assets Under Management

As of December 31, 2023, Snow Phipps had \$1,603,800,000 of Client assets under management on a discretionary basis. This includes the committed capital that may be called by the Funds from their respective limited partners. We do not manage Client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Snow Phipps, and/or its affiliates, receive compensation from annual Management Fees (defined below) and expect to receive certain other fees related to transactions, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors’ fees (including, but not limited to: cash, equity/stock, options and warrants) and/or monitoring fees from portfolio companies. Detailed descriptions of fees, compensation and expenses borne by investors in a Fund are further described in the relevant Fund offering documents.

Management Fees

We currently receive an investment management fee (the “Management Fee”) from the Funds. The Management Fee payable by each Fund for an annual period are payable in two equal semi-annual installments, on each of January 15 and July 15 for the respective semi-annual periods beginning on January 1 and July 1. The Management Fee payable by SPG, LP during its commitment period was 2.0% per annum of aggregate commitments and after the commitment period, the Management Fee payable by SPG, LP was 2.0% per annum of funded commitments with respect to investments that have not been subject to a disposition. Snow Phipps is no longer charging Management Fees on SPG, LP. The Management Fee payable by SPII during the commitment period was the sum of 1.85% per annum of commitments with respect to each limited partner with a commitment of \$100 million or greater and 2% per annum of commitments with respect to each other limited partner. Thereafter, the Management Fee of SPII was reduced to 1.35% per annum of funded commitments with respect to investments that have not been subject to a disposition with respect to each limited partner with a commitment of \$100 million or greater and 1.5% of funded commitments with respect to investments that have not been subject to a disposition with respect to each other limited partner. Snow Phipps is no longer charging Management Fees on SPII. The Management Fee payable by SPIII equals the sum of (i) with respect to each limited partner with a commitment of (a) \$150 million or greater but less than \$200 million or (b) \$100 million or greater but less than \$150 million that was admitted to SPIII as of its initial closing, 1.75% per annum of commitments with respect to such limited partner during the commitment period and thereafter, 1.35% per annum of funded commitments with respect to investments that have not been subject to a disposition, (ii) with respect to each limited partner with a commitment of \$200 million or greater, 1.75% per annum of commitments with respect to such limited partner during the commitment period and thereafter, 1.20% per annum of funded commitments with respect to investments that have not been subject to a disposition and (iii) with respect to each other limited partner, during the commitment period,

2.0% per annum of commitments with respect to such limited partner and thereafter, 1.5% per annum of funded commitments with respect to investments that have not been subject to a disposition.

Other Fees

Snow Phipps and its affiliates expect to receive transaction, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by each Fund, fees in connection with transactions that are not completed (i.e., break-up fees), directors' fees (which may include options and warrants) and/or monitoring fees from portfolio companies. However, any directors' fees and monitoring fees, net of related expenses, are credited 100% against the Management Fee for each Fund. Any transaction, break-up, advisory or other fees, net of expenses, are credited 100% against the Management Fee for SPIII. There are currently no fees for SPII, therefore no offsets. There are monitoring fees collected for SPG, LP in connection to fees received by Ian Snow for his representation on the Board of Laureate. Since the Management Fees for SPG, LP have been reduced to zero, the value of the accrued offset will be returned to the Partnership for the benefit of the Limited Partners upon dissolution of the Fund. All fee offsets are allocated between any parallel investment vehicles and co-investors participating in the transactions or proposed transaction that gave rise to such fees on the basis of capital invested or proposed to be invested. Snow Phipps bears the economic burden of all placement fees through an offset against the Management Fee. However, any transaction, break-up, advisory or other fees received by Snow Phipps or an affiliate that are not allocable to any Fund such fees will not offset any Management Fee and Snow Phipps will receive the full benefit of such allocable portion of such fees.

If the Management Fee payable by a Fund is reduced to zero as a result of our receipt of such other fees (or because the Management Fee is no longer payable), we will refund the excess for the benefit of such Fund's limited partners.

Snow Phipps and/or its affiliates generally have discretion over whether to charge transaction fees, advisory fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Firm and/or its affiliates on the other hand. In addition to Snow Phipps' Management Fees, each Fund will typically pay all costs and expenses relating to its operations. The expenses for each Fund are further described in the governing documents for such Fund. Expenses generally include, but are not limited to, the following:

(a) legal, auditing, consulting, fund administration and accounting fees and expenses (including costs and expenses of preparing and circulating reports to partners of such Fund, financial statements, tax returns and K-1s and any software or online data portal used in connection with such reporting); (b) investment banking, underwriting, research and expert network fees and expenses; (c) expenses of meetings of the limited partners of such Fund; (d) expenses and costs of the members of the limited partner advisory committee of such Fund (including those fees and expenses with respect to independent legal counsel retained in accordance with such Fund's governing document); (e) indemnification and insurance expenses and the costs and expenses of any litigation or other extraordinary events involving such Fund and the amount of any judgments or settlements paid in connection therewith; (f) all expenses incurred in connection with the identifying, evaluating, structuring, negotiating, making, monitoring, sale, proposed sale, other disposition or valuation of proposed or actual investments of such Fund (including, but not limited to, business development, due diligence, research, travel and lodging (including travel by way of private or noncommercial

aircraft), and entertainment expenses related to the identification, development and management of portfolio companies and prospective portfolio companies); (g) all expenses relating to the formation and maintenance of any alternative investment vehicle or feeder vehicle; (h) interest on and fees and expenses arising out of all permitted borrowings made by such Fund and all expenses incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing or guarantee permitted to be incurred by such Fund's governing document; (i) all expenses relating to unconsummated transactions (including break-up fees paid by such Fund in connection therewith and such fees and expenses related to unconsummated co-investments); (j) all expenses of liquidating such Fund; (k) any domestic or foreign taxes, fees or other governmental charges levied against such Fund that are not allocable to a limited partner of such Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund that are not subject to indemnification by a limited partner of such Fund and all expenses incurred by such Fund's general partner in its capacity as such Fund's "tax matters partner" (as defined under the Internal Revenue Code of 1986, as amended) or a similar role under applicable foreign, state or local tax law; (l) communication expenses; (m) expenses incidental to the transfer, servicing and accounting for such Fund's cash and securities, including all charges of depositories and custodians; (n) expenses and costs in connection with government and regulatory filings (including, for example, those relating to the Alternative Fund Managers Directive but excluding Form ADV and Form PF); (o) expenses relating to a defaulting limited partner of such Fund; (p) expenses incurred in connection with any restructuring or amendments to the constituent documents of such Fund and related entities (excluding any restructuring or amendment (i) solely to address a change in tax treatment related to carried interest distributions or (ii) that solely benefits the general partner of such Fund, the Firm, Ian K. Snow as the "Principal" of such Fund or any of their respective affiliates or employees, which, in each case, shall be an expense of the General Partner of such Fund or the Firm) and (q) expenses incurred in connection with distributions to partners of such Fund.

In addition, Snow Phipps will be reimbursed by certain of its portfolio companies for certain expenses incurred for meals and transportation of Snow Phipps' employees that work late or on weekends with respect to such portfolio companies' respective allocable share(s) of Fund-related matters and/or portfolio company-related matters.

In certain circumstances, one Fund may pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds for their share of such expense, without interest. While Snow Phipps believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Snow Phipps may advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate. As part of its strategy, Snow Phipps has entered and will enter into certain strategic relationships with experienced senior industry executives ("Operating Partners") to provide certain services in connection with sourcing investments, due diligence and/or providing operating management to portfolio companies. While Operating Partners are not employees of Snow Phipps, Operating Partner arrangements have historically been formal and exclusive engagements. Operating Partners are entitled to receive cash and/or non-cash (e.g., equity) consideration for their services from the applicable portfolio companies, which consideration does not offset the Management Fee.

Neither we nor any of our “supervised persons” accept compensation for the sale of securities or other investment products.

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

Carried interest is a share of the net profits realized on the disposition of investments that is paid to the Funds’ General Partners as an incentive to maximize performance of the Funds. The carried interest percentage is negotiated at the time each Fund is formed and is calculated and distributed in accordance with the specific provisions outlined in each Fund’s limited partnership agreement. The fact that a significant portion of Snow Phipps’ compensation is directly computed on the basis of profits generated by the sale/disposition of Fund assets creates an incentive for Snow Phipps to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. The existence of a capital commitment by each General Partner to the Funds may reduce this incentive. Additionally, each General Partner is subject to a “clawback” of carried interest previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable to such General Partner by such Fund as carried interest, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will a General Partner of a Fund be required to restore more than the cumulative distributions received by such General Partner as carried interest on an after-tax basis.

Item 7 Types of Clients

We provide discretionary investment management services to the Funds. The Funds include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Company Act”). The eligibility and suitability requirements for each Fund are described in the applicable private placement memoranda, limited partnership agreement, and subscription agreements. The Funds only admit sophisticated investors that are “*accredited investors*”, as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, and “*qualified purchasers*” (or “*knowledgeable employees*”), as defined in the Company Act . The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Snow Phipps and its affiliates and members of their families, Operating Partner or other service providers retained by Snow Phipps.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The General Partners, on behalf of the Funds, have entered into agreements (“Side Letters”) with certain limited partners which provide such limited partners with additional or different rights than such limited partners have pursuant to the Fund offering documents. As a result of such Side Letters, certain limited partners have received additional rights (which include expanded

informational rights or preferential economic terms) which other limited partners have not and will not receive. The General Partners are currently not required to notify all limited partners of any such Side Letters or any of the rights or terms or provisions thereof, and are not required to offer such additional or different rights or terms to all limited partners.

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

Each Fund's investment objective is to achieve significant, long-term capital appreciation primarily through middle-market (i.e., companies with enterprise values generally ranging from \$100 million to \$500 million) investments in companies in which such Fund will generally have significant influence on the management, operations and strategic direction of the business. Each Fund targets investments ranging in size from \$50 million to \$150 million, although investments may also be made outside of this range. For certain larger transactions, a Fund is permitted to seek co-investment partners. The Funds' investments are primarily in the form of controlling positions in companies achieved through leveraged acquisitions, build-ups, recapitalizations, restructurings and growth equity transactions.

Snow Phipps employs an active, "hands-on" investment strategy to enhance the long-term value of its portfolio companies. We draw upon the financial expertise and professional networks of the five investment partners (the "Investment Partners", together with our other investment professionals, the "Investment Professionals") to source, value and structure proprietary investments. In addition, Snow Phipps utilizes Operating Partners to enhance Snow Phipps' ability to identify, conduct diligence and execute investments, as well as create significant value post acquisition. Such strategy enables us to source incremental transactions through industry contacts, execute more complete due diligence processes, access industry and operational information readily and collectively develop thoughtful and thorough strategic plans prior to committing capital to portfolio companies.

Snow Phipps seeks to identify attractive sectors or sub-sectors for small to middle-market investment opportunities, particularly those that exhibit many or all of the following characteristics: (i) clear and sustainable secular growth; (ii) high barriers to competitive entry and/or restrained capital expenditure and working capital growth needs; (iii) attractive returns on assets; (iv) opportunities for niche market dominance; and (v) existence of structural changes that create investment opportunities and/or substantially improve industry economics. Additionally, we seek fragmented sectors that may provide opportunities to invest in under-managed and/or undervalued market-leading companies and improve the financial performance and strategic positioning of such companies to achieve premium valuations upon exit.

Risk Factors

Investing involves the risk of loss that limited partners in a Fund should be prepared to bear. The discussion below of risks associated with an investment in the Funds does not purport to be an exhaustive list of all such risks. Please see the Confidential Private Placement Memoranda of the Funds for a more detailed discussion of risks.

Nature of Investments. The Funds' investments are expected to include portfolio companies in which the capital structure includes significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk.

Highly Competitive Market for Investment Opportunities. The success of each Fund will depend on the availability and identification of suitable investment opportunities and such Fund's ability to negotiate and arrange the closing of appropriate transactions and ability to arrange for the timely disposition of such investments. The activity of identifying, completing and realizing on attractive portfolio investments is highly competitive and involves a high degree of uncertainty, especially with respect to timing. There can be no assurance that a Fund will be able to identify and complete portfolio investments which satisfy its investment objective, or realize the value of such portfolio investments or that it will be able to invest its commitments fully. The availability of investment opportunities will be subject to market conditions, the prevailing regulatory conditions or the political climate in industries and regions in which a Fund invests and other factors outside the control of such Fund. Each Fund expects to encounter competition from other entities having similar investment objectives, such as other investment partnerships and corporations, business development companies, strategic and industry participants and other financial investors investing directly or through affiliates. Competition for appropriate investment opportunities will reduce the number of investment opportunities available to a Fund and adversely affect the terms upon which investments can be made. Such competition may be particularly acute with respect to participation by a Fund in auction proceedings and, specifically, those conducted pursuant to Section 363 of Title 11 of the United States Code, as amended (the "Bankruptcy Code"), where such Fund competes with other prospective bidders to acquire the assets of a distressed company through a bankruptcy court-supervised auction. Moreover, over the past several years, an ever-increasing number of private equity funds with objectives similar to those of the Funds have been formed. Additional funds with similar investment objectives are likely to be formed in the future by other parties. Some of these competitors could have more relevant experience, greater financial resources and more personnel than the Funds. It is possible that competition for appropriate investment opportunities will increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which portfolio investments can be made.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence could be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts (such as the current Russia-Ukraine conflict, as described below), localized or global financial crises, virus or disease epidemics such as the COVID-19 (defined below) pandemic or other sources of political, social or economic unrest. Such erosion of confidence could lead to or extend a localized or global economic downturn. A climate of uncertainty could reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn could have an adverse effect on the economy generally and on the ability of the Funds and their portfolio investments to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This could slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn could have an adverse effect upon a Fund's portfolio investments.

Climate Change-Related Risks. The Firm, the General Partners and the Funds could be exposed to potential risks from possible future changes in climate. The portfolio companies could be exposed to catastrophic weather events, such as severe storms or floods. If the frequency of extreme weather events increases due to climate change, the Funds' exposure to these events could increase. In

addition, the Firm, the General Partners, the Funds and/or their respective affiliates could be adversely impacted by regulatory changes related to climate change and the impacts of such changes on the supply chain or stricter energy efficiency standards. The Firm, the General Partners, the Funds and/or their respective affiliates cannot provide any assurance that any existing or future regulatory changes will not materially and adversely impact the Firm, the General Partners, the Funds or their respective affiliates, or portfolio companies' operations and businesses in the future.

Political Tensions between the United States and China. Political tensions between the United States and the People's Republic of China ("PRC") have escalated since the COVID-19 outbreak, the PRC National People's Congress' passage of Hong Kong national security legislation, the executive orders issued by former U.S. President Trump in August 2020 that prohibit certain transactions with ByteDance Ltd., Tencent Holdings Ltd. and the respective subsidiaries of such companies, and the executive order issued by former U.S. President Trump in November 2020 that prohibits U.S. persons from transacting in publicly traded securities of certain "Communist Chinese military companies" named in such executive order.

Furthermore, in January 2021, the Chinese government announced sanctions against former Secretary of State Mike Pompeo and other high-ranking officials under former U.S. President Trump. Tensions continued to rise when, in May 2022, U.S. President Biden said that the United States would intervene militarily to defend Taiwan if, among other reasons, China invades Taiwan by force. In August 2022, the PRC responded to the visit by former Speaker of the United States House of Representatives Nancy Pelosi to Taiwan by taking various actions including canceling dialogue with the United States on military issues, climate change and other topics and launching military exercises off the coast of Taiwan. In September 2022, the Biden administration announced a \$1.09 billion arms sale to Taiwan. And in February 2023, the U.S. Air Force neutralized several high-altitude balloons owned by the PRC that had entered U.S. and Canadian airspace and territorial waters. Rising political tensions could reduce levels of trade, investment, technological exchange and other economic activity between these two major economies, which could have a material adverse effect on global economic conditions and the stability of global financial markets. Any of these factors could have a material adverse effect on securities prices and the liquidity and value of the portfolio investments.

Discontinuation of LIBOR. The publication of all LIBOR settings on a representative basis has now ceased, although certain United States Dollar ("USD") and British Pound sterling settings will continue to be published for a limited period on the basis of a "synthetic" methodology. These synthetic settings are intended for use in certain legacy contracts only, not new use.

As of the date of publication of this brochure, the current nominated replacement for USD-LIBOR is the Secured Overnight Financing Rate ("SOFR") and the nominated replacement for British pound sterling-LIBOR is the Sterling Overnight Interbank Average Rate ("SONIA"). With respect to so-called "tough legacy contracts", which are contracts that did not provide for a clearly defined and practicable replacement benchmark rate, the U.S. enacted federal legislation that replaced USD-LIBOR references in certain U.S. law-governed contracts under certain circumstances with a SOFR-based rate plus a statutory spread adjustment. It is unknown whether SOFR and SONIA will maintain market acceptance as replacements for LIBOR and, because each of SOFR and SONIA differs from LIBOR, there is no assurance that SOFR or SONIA will perform in the same way as LIBOR would have performed at any time.

The transition away from LIBOR to one or more alternative benchmark rates is complex and could have a material adverse effect on the value of a Fund and its portfolio investments, including as a result of changes in the (i) business, financial condition and results of operations of such Fund and its portfolio investment, (ii) pricing and/or availability of investments and/or (iii) negotiations and/or changes to the documentation for such Fund and its portfolio investments and/or prospective portfolio investments, as well as the pace of such changes, disputes and other actions regarding the interpretation of current and prospective loan documentation, basis risks between investments and hedges, basis risks within investments (e.g., securitizations), costs of modifications to processes and systems, and/or costs of administrative services and operations, including monitoring of recommended conventions and benchmark rates and the market acceptance thereof, or any component of or adjustment to any of the foregoing.

Inflation. Inflation risk is the risk that the value of certain investments or income thereon will be worth less in the future, as inflation decreases the value of money. As inflation increases, the real value of a Fund's investments can decline. Deflation risk is the risk that prices decline over time – the opposite of inflation. Deflation could have an adverse effect on the creditworthiness of a Fund's portfolio companies and could make defaults more likely, which would result in a decline in the value of such Fund's investments.

Companies in which a Fund invests could be sensitive to general downward swings in the global economy, including periods of sustained elevated inflation. Inflation in the United States, Europe and other geographies has risen to levels not experienced in recent decades. It is difficult to determine whether these inflationary factors are transitory or should be expected to continue over the medium or long term. Inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the investment opportunities could exist. There can be no assurance that high rates of inflation would not have a material adverse effect on a Fund's portfolio investments.

In addition, many world governments, as well as intergovernmental institutions, have undertaken and in some cases are still undertaking various and in some cases unprecedented forms of fiscal stimulus, including raising interest rate benchmarks that had been (in some cases, for extended periods) at historic lows. In particular, the Board of Governors of the U.S. Federal Reserve has raised certain benchmark interest rates multiple times in an effort to combat inflation.

Although interest rates came down in the latter half of 2023, inflation is still a concern and the U.S. Federal Reserve and other global central banks could raise interest rates again, which would create downward pressure on the value of certain investments made by a Fund. Further, the Funds could face, have faced, and could continue to face, as applicable, difficulty in realizing value from investments due to sustained declines in equity market values as a result of concerns regarding interest rates. Additionally, rising interest rates, coupled with periods of significant equity and credit market volatility, may potentially make it more difficult for TruArc to find attractive opportunities for a Fund to exit and realize value from its existing investments.

A Fund's portfolio companies also regularly utilize the corporate debt markets to obtain financing for their operations. To the extent monetary policy, tax or other regulatory changes or difficult credit markets render such financing difficult to obtain, more expensive or otherwise less attractive, this

may also negatively impact the financial results of those portfolio companies and, therefore, the investment returns on such Fund. In addition, to the extent that market conditions and/or tax or other regulatory changes make it difficult or impossible to refinance debt that is maturing in the near term, some of a Fund's portfolio companies may be unable to repay such debt at maturity and may be forced to sell assets, undergo a recapitalization or seek bankruptcy protection.

It cannot be predicted with certainty when, or how, these policies will change, but actions by the U.S. Federal Reserve and other central bankers should be expected to have a significant effect on interest rates and on the U.S. and world economies generally, which in turn could affect the performance of a Fund's investments. Such stimuli, unless successfully managed and scaled back and wound down at the appropriate time and in the appropriate amounts, together with the passing of U.S. legislation calling for historically significant amounts of government spending, run a severe risk of being inflationary. In addition, there is significant concern in macroeconomic terms about the general levels of indebtedness carried by certain governments. While bringing with it a range of issues, one of the consequences of an extended period of a higher-than-desired level of inflation is often to erode in real terms the value of government debt in a manner that reduces the economic cost in real terms of their payment obligations on such debt. This element of debt erosion will create an incentive for governments to be less robust in seeking to deal with inflation than might otherwise have been the case had the government concerned not suffered from a high level of indebtedness. If such inflation occurs, it would have the negative consequences for a Fund's investments set out above.

Further financial crises could result in additional governmental intervention in the markets, the nature and substance of which are difficult to predict. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

Geopolitical Risks and Force Majeure. An unstable geopolitical climate, continued threats of terrorism, war or other similar events (such as the conflict between Russia and Ukraine, tensions between the U.S. and China, tensions between Taiwan and China, the ongoing conflicts between Israel and Hamas (including recent attacks on merchant ships in the Red Sea) and the further escalation of tensions between Israel and various countries in the Middle East and North Africa) could have a material effect on general economic conditions, market conditions and market liquidity. Additionally, a serious pandemic (such as the COVID-19 pandemic, as described below), fire, flood, earthquake, adverse weather condition, natural disaster, "act of God" or other similar events could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence could increase the risk of default of particular portfolio investments, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on a Fund's returns. Investors must be prepared to bear such risks and no assurance can be given as to the effect of these events on the value of or markets for portfolio investments. Some of these events are generally uninsurable and, in some cases, investment agreements can be terminated if the event is so catastrophic that it cannot be remedied within a reasonable time period.

U.S. Debt Limit. In recent years, the U.S. statutory debt limit ("Debt Ceiling") and budget deficit have been used as leverage in negotiations conducted among members of the U.S. Congress. If

Congress does not raise the Debt Ceiling, the United States could default on its obligations, including Treasury securities that play an integral role in financial markets. A default by the United States could result in unprecedented market volatility and illiquidity, heightened operational risks relating to the clearance and settlement of transactions, margin and other disputes with clients and counterparties, an adverse impact to investors, downgrades in the United States credit rating, further increases in interest rates and borrowing costs and a recession in the United States or other economies. Even if the United States does not default, continued uncertainty relating to the Debt Ceiling could result in downgrades of the United States credit rating, which could adversely affect market conditions.

Banking Counterparty Risk.

An investment into a Fund is subject to the risk that one or more banks, investment banks, brokers, hedging counterparties, lenders or other custodians of cash and other assets with whom Snow Phipps or a Fund (or one or more of its portfolio companies) does business (each, a “Financial Institution”) fail to perform their obligations or experience closure, receivership, bankruptcy or any other form of financial distress or difficulty, including insolvency (each, a “Distress Event”). Distress Events can be caused by a variety of factors, including eroding market sentiment, significant deposit withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, a Fund and/or its portfolio companies may not be able to access deposits, draw upon borrowing facilities or have access to other services for an extended period of time or ever. For example, if any of a Fund’s lenders were to be placed into receivership or bankruptcy, such Fund could be unable to access existing committed credit lines. In addition, if any of a Fund’s investors or other parties with whom such Fund conducts business are unable to access funds or credit lines with a Financial Institution, such parties’ ability to meet their obligations to such Fund or to enter into new arrangements requiring additional capital or payments to such Fund could be adversely affected.

Although deposits with an FDIC-insured bank are insured to applicable limits, which are generally \$250,000 per depositor and per ownership category, and securities and cash held by certain broker-dealers are insured by the Securities Investor Protection Corporation, amounts in excess of the relevant insurance limit are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years, governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be attempted, and if it is, there can be no assurance that it will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Snow Phipps expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event; however, there can be no assurance that such remedies will be successful, permitted under applicable law or avoid losses or delays. In addition, many Financial Institutions require, as a condition to using their services or otherwise, that their customers maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Snow Phipps seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds and their portfolio companies, Snow Phipps is under no obligation to use a minimum number of Financial Institutions

with respect to a Fund (and/or its portfolio companies), or to maintain account balances at or below the relevant insured amounts.

U.S. Regulation of the Private Funds and Financial Services Industries. The growth of the private funds industry, and the increasing size and reach of transactions, as well as the increased attention to private funds, has prompted governmental and public attention to the private funds industry and its practices.

In addition, as alternative asset managers have become influential participants in the U.S. and global financial markets and economy generally, the private funds industry has been subject to criticism by some politicians, regulators and market commentators. In Germany, for example, U.S. and U.K. private equity firms are perceived by some as having been responsible for certain high profile bankruptcies as well as high levels of domestic unemployment. There have been similar concerns expressed in other European countries. Various federal, state and local agencies have examined the role of placement agents, finders and other similar private funds service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. Furthermore, elements of organized labor and other representatives of labor unions have targeted private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There can be no assurance that the foregoing will not have an adverse impact on a Fund, its General Partner, the Firm, Snow Phipps personnel or other General Partner affiliates, or otherwise impede such Fund's activities.

With respect to interpretation and enforcement in the United States, the SEC stated publicly in recent years that its Division of Examinations intensified efforts to examine private fund advisers, with a focus on issues of concern identified in the course of presence exams of newly registered advisers that occurred shortly after the enactment of the Dodd-Frank Act. Such issues included, among others, the disclosure and allocation of fees, costs and expenses; marketing practices; portfolio management; conflicts of interest; safety of client assets; and valuation. Consistent with such efforts, the SEC dramatically increased its pursuit of enforcement actions against private fund managers. Such actions alleged a variety of conduct, including undisclosed or unapproved related-party and affiliate transactions, as well as undisclosed fees, costs and expenses and other undisclosed conflicts of interest. Industry observers generally agree that the enforcement trend is likely to continue.

There can be no assurance that a Fund, its General Partner, the Firm, Snow Phipps personnel or any other General Partner affiliates will avoid regulatory examination and possibly enforcement actions or sanctions. Even if an investigation or proceeding does not result in an enforcement action or sanction or the enforcement action or sanction imposed against the Firm was immaterial or small in monetary amount, a Fund, its General Partner, the Firm, Snow Phipps personnel or any other General Partner affiliates could be subject to adverse publicity relating to the investigation, proceeding or imposition of any such enforcement action or sanction.

On August 23, 2023, the SEC adopted a number of new rules and amendments to existing rules under the Advisers Act (the "Private Funds Rules"), including new requirements related to quarterly statements, financial statement audits, restricted activities and the preferential treatment of certain investors. Specifically, the Private Funds Rules include (i) a requirement for detailed quarterly

disclosure to investors of private fund performance, fees and expenses (including disclosure of the compensation paid to the investment adviser and its affiliates) and additional portfolio investment-level disclosure, (ii) limitations and conditions on the ability of advisers to charge certain types of fees and expenses to private funds (including reductions to carried interest clawbacks for taxes and fees and expenses related to investigations that result in sanctions under the Advisers Act), (iii) a prohibition on the allocation of fees or expenses related to a portfolio investment on a non-*pro rata* basis among multiple private funds invested in the same portfolio investment unless the allocation is fair and equitable under the circumstances and the adviser provides a prior written notice of the non-*pro rata* allocation and a description of how such allocation is fair and equitable, (iv) subject to certain limited exceptions, limitations on an adviser's ability to grant certain types of preferential terms regarding redemption or information about portfolio holdings or exposures to only certain investors (e.g., through Side Letters), (v) a requirement to provide written notice to current and prospective investors of certain preferential terms granted to only certain investors in the same fund and (vi) a requirement for the advisor to document an annual compliance review.

Furthermore, on May 3, 2023, the SEC also adopted amendments to Form PF (the "Form PF Amendments", and together with the Private Fund Rules, the "Adopted Rules") which, among other things, require advisers to private equity funds to gather and report more information regarding fund strategies, use of leverage, fund investments in different levels of a single portfolio company's capital structure, and portfolio company restructurings or recapitalizations. The Form PF Amendments also require that advisers report certain events to the SEC.

The SEC has also proposed amendments to rules and disclosure forms (the "Proposed ESG Rules and Forms") to increase disclosure obligations regarding certain funds' and advisers' incorporation of environmental, social and governance factors in their investment process and a new oversight rule and rule amendments under the Advisers Act (the "Proposed Outsourcing Rules") that would prohibit registered investment advisers from outsourcing certain services and functions without conducting due diligence and monitoring of the service providers. Finally, the SEC has also proposed new rules and amendments to Rule 206(4)-2 under the Advisers Act (the "Proposed Custody Rule Changes" and, together with the Proposed ESG Rules and Forms and the Proposed Outsourcing Rules, the "Proposed Rules"), which would expand the current custody rule to cover a broader array of client assets and advisory activities and impose new custodial protections on client assets held under the Advisers Act.

The final versions of the Proposed Rules could (but are not expected to) differ significantly from the Proposed Rules.

There can be no guarantee as to the enforcement in practice of the Adopted Rules or as to the content of the final versions of the Proposed Rules. In particular, certain trade associations have filed suit challenging the Private Funds Rules, and the outcome of that litigation and its effect on enforcement is uncertain. The Adopted Rules, and if adopted as proposed, the Proposed Rules, are expected to increase the cost of operating the Funds (including those costs ultimately allocated to the Funds) and the time and resources that the General Partners, the Firm and Snow Phipps personnel will be required to devote to reporting and compliance matters. The effect of the Adopted Rules and the Proposed Rules on the Funds, the General Partners, the Firm, Snow Phipps personnel or any of their respective affiliates could be substantial and adverse.

In summary, regulation generally as well as regulation more specifically addressed to the private funds industry, including tax laws and regulation, whether in the United States or abroad, could increase the cost of acquiring, holding or divesting the Funds' portfolio investments in portfolio companies, the profitability of such enterprises and the cost of operating the Funds. Additional regulation could also increase the risk of third-party litigation. The transactional nature of the business of the Funds exposes the Funds, the General Partners, the Firm, Snow Phipps personnel or any other General Partner affiliates generally to the risks of third-party litigation.

Cybersecurity Risk. Cybersecurity incidents, cyberattacks and other breaches have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency and severity in the future. Cybersecurity risks for investment funds have increased significantly in recent years because of, among other things: the proliferation of the internet and telecommunications technologies to conduct financial transactions; the increased dependence of portfolio companies on internet-connected technologies that are susceptible to disruption from cybersecurity threats; the ability and degree to which investment managers collect and maintain confidential, proprietary, sensitive, personal and other nonpublic information and data, including publicly available data that may be organized in a manner that is not publicly available; and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state and state-supported actors. Accordingly, despite the efforts of the Firm and service providers to adopt technologies, processes, practices and various other measures intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their investors, the Funds, the General Partners, the Firm and the portfolio companies will face cybersecurity threats to gain unauthorized access to confidential, proprietary, sensitive, personal and other nonpublic information and data and systems, including, without limitation, information regarding the limited partners and the Funds' investment activities, or to render data or systems unusable, which could result in significant losses. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks.

If such events materialize, they could lead to losses of confidential, proprietary, sensitive, personal and other nonpublic information and data or capabilities essential to the Funds', the General Partners', the Firm's and the portfolio companies' operations and could have a material adverse effect on their reputations, financial positions, results of operations or cash flows, and could lead to financial losses from remedial actions, loss of business, regulatory penalties or investigations, legal claims, reputational damage or potential liability, or the disclosure of the investors' personal information. Additionally, the Firm, the Funds or the portfolio companies may have to make a significant investment to fix or replace any inoperable or compromised systems or to modify or enhance their cybersecurity controls, procedures or measures. Similarly, the public perception that a Fund, its General Partner, the Firm or the portfolio companies have been the target of a cybersecurity threat, whether successful or not, could have a material adverse effect on their reputations and could lead to financial losses from loss of business, depending on the nature and severity of the threat.

Cybersecurity attacks are evolving and could be difficult to detect for long periods of time, and could include, but are not limited to, computer viruses, malicious or destructive code, phishing attacks, ransomware, social engineering, denial of service or information, attempts to gain unauthorized access to data, improper access by employees or service providers or other electronic

security breaches or other similar events, including those perpetrated by criminals or nation state actors, that could, among other things, lead to: disruptions in critical systems network access or business operations; unauthorized collection, monitoring, use or release of confidential, proprietary, sensitive, personal or other nonpublic or otherwise protected information and data, including personal information relating to the investors (and the beneficial owners of such investors); or obstruction, deletion, loss, destruction or corruption of information or data. Third parties, including activist, criminal, nation-state or terrorist actors, could also, among other things, attempt fraudulently to induce a portfolio company or its personnel to disclose sensitive information (including passwords) in order to gain access to information, data, accounts, funds or other assets, or otherwise to inflict harm. Furthermore, the Firm and the portfolio companies could be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures, and power outages caused by catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The Firm's or a portfolio company's controls and procedures, business continuity systems, and data security systems could prove to be inadequate. These problems could arise in both the Firm's or a portfolio company's internally developed systems and the systems of third-party service providers, upon which the Firm or a portfolio company rely, which systems may be inadequate to prevent, detect or recover from a cybersecurity attack. If a Service Provider fails to adopt or adhere to adequate cybersecurity procedures, or if despite such procedures its networks or systems are breached, information relating to client transactions or personal information of the investors (and the beneficial owners of such investors) may be lost or improperly accessed, used or disclosed. Given the variety and potential severity of cybersecurity threats, the Funds, the General Partners, the Firm, the portfolio companies and the third-party service providers upon which they rely may not have adequate insurance coverage to compensate against all losses.

Environmental Hazards; Hazardous Materials. Under international, federal, state or local environmental laws and regulations, owners, operators, tenants and lessees of property could be liable for the cleanup and removal of hazardous substances, regardless of fault. Even where the present owner, operator, tenant or lessee was not responsible for placing the hazardous substances on the property or where the property was contaminated prior to the time the owner took title or the entity began operations, such person could be held strictly and retroactively liable for all related liabilities and costs. If any property acquired, operated or leased by a portfolio investment was found to have an environmental problem, the portfolio investment could incur substantial costs and a Fund could suffer a complete loss of its investment in such portfolio investment. In addition, a portfolio investment could have historically or currently used or otherwise incorporated hazardous materials in their products. Such activities could subject such portfolio investment to product liability claims, which could result in substantial costs.

Valuation and Changing Accounting Standards. The valuation of the assets of a Fund will affect such Fund's reported performance. A Fund's portfolio investments generally will have no, or a limited, liquid market, and the fair value of such portfolio investments is unlikely to be readily determinable. Moreover, neither a Fund nor its General Partner expects to employ a third-party valuation firm or pricing service in the valuation of such Fund's portfolio investments for financial reporting purposes. There is no assurance that the value assigned to a portfolio investment for any purpose at any given time will accurately reflect the fair value as of the valuation date or the value that will be realized by a Fund upon the eventual disposition of such portfolio investment, as actual realized returns will depend on, among other factors, future operating results of portfolio

investments, pace of deployment, the value of the portfolio investments and economic market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs, and the timing and manner of sale, all of which could differ from the assumptions and circumstances on which such valuations and any related assumptions were originally based. Moreover, the performance of a Fund could be adversely affected if such valuation determinations for any portfolio investment are materially higher than the value ultimately realized upon the disposition of such portfolio investment.

Valuations will be based to a large extent on a General Partner's estimates, comparisons and qualitative evaluations of private information, which can be unavailable, incomplete or inaccurate. It is possible that investors therefore will not be able to replicate a General Partner's methodology or to value accurately a Fund's portfolio investments. The amount of assumptions, judgment and discretion inherent in valuing illiquid assets such as a Fund's portfolio investments renders valuations uncertain and susceptible to material fluctuations over possibly short periods of time.

For purposes of financial reporting that is compliant with U.S. generally accepted accounting principles ("GAAP"), each Fund will follow the requirements for valuation set forth in Accounting Standards Codification 820 ("ASC 820"), "Fair Value Measurements and Disclosures" (formerly, Financial Accounting Standards No. 157, "Fair Value Measurements"), which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to Fair Value Measurements. Additional Financial Accounting Standards Board ("FASB") Statements and guidance and additional provisions of GAAP that could be adopted in the future could also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting. Except as described below, each General Partner and the Firm will apply ASC 820 and other relevant FASB statements and guidance to the valuation of each Fund's assets and liabilities.

ASC 820 and other accounting rules applicable to investment funds and various assets in which they invest are also subject to change. Such changes could adversely affect a Fund. For example, changes in the rules governing the determination of the fair value of assets to the extent such rules become more stringent would tend to increase the cost and/or reduce the availability of third-party determinations of fair value. This could in turn increase the costs associated with selling assets or affect their liquidity due to inability to obtain a third-party determination of fair value.

Outbreaks of Infectious or Contagious Diseases. Pandemics and other widespread public health emergencies have the potential to cause market volatility and disruption, and adversely impact economic production and activity in ways that are impossible to predict, all of which could result in significant losses to a Fund.

In 2019, an outbreak of a novel and highly contagious form of coronavirus ("COVID-19") occurred and it subsequently spread globally. The COVID-19 pandemic led to disruption in national, regional and local markets and economies affected thereby, including the United States. The restrictive measures taken to contain or mitigate its spread, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools and other public venues, significantly diminished global economic production

and activity of all kinds and contributed to both volatility and a severe decline in all financial markets.

Although the World Health Organization declared on May 5, 2023 that COVID-19 was no longer a public health emergency of international concern, it reaffirmed that the global risk assessment remains high. Any resurgence of COVID-19 through a new variant, or the emergence of any other new pandemic, could have a significant adverse impact and result in significant losses to a Fund or one or more of its portfolio companies. The extent of the impact on a Fund and its portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted. In addition, the operations of a Fund and its portfolio companies generally could be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures could also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

A health crisis could exacerbate other preexisting political, social and economic risks, and the extent of the impact would depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities. Any such impact could adversely affect a Fund's performance, resulting in losses to investors.

Artificial Intelligence. The overall adoption of artificial intelligence throughout society, may exacerbate or create new and unpredictable competitive, operational, legal and regulatory risks to our businesses. There is substantial uncertainty about the extent to which artificial intelligence will result in dramatic changes throughout the world, and we may not be able to anticipate, prevent, mitigate, or remediate all of the potential risks, challenges, or impacts of such changes. These changes could potentially disrupt, among other things, our business models, investment strategies, operational processes, and our ability to identify and hire employees. Some of our competitors may be more successful than us in the development and implementation of new technologies, including services and platforms based on artificial intelligence, to address investor demands or improve operations. If we are unable to adequately advance our capabilities in these areas, or do so at a slower pace than others in our industry, we may be at a competitive disadvantage. Additionally, the rapid evolution and increasing prevalence of artificial intelligence technologies may also increase our cybersecurity risks.

Snow Phipps and TruArc Personnel. Snow Phipps, the General Partners, the Snow Phipps personnel, and other related parties will have conflicts of interest in allocating their time and services among Snow Phipps and TruArc's various business activities. For example, all or substantially all, of TruArc's personnel currently work and will continue to work on other projects, including existing and future investment vehicles, the investments of the Funds, and TruArc's other existing and potential business activities. Key personnel including investment staff and back-office personnel will be shared between Snow Phipps and TruArc as part of a sub-advisory agreement. In

addition, such personnel will participate in the management of the investment activities of such existing and future investment vehicles concurrently with their obligations to Snow Phipps, the General Partners, and the Funds. It is possible that the investments held by such current or future investment vehicles could be in competition with or otherwise conflict with those of the Funds. See Item 10 below for further information.

Conflicts of interest will also arise when Snow Phipps/TruArc personnel serve as directors of, or in similar governance roles for, any of the portfolio companies. In those instances where the Funds are not the sole shareholder of the applicable portfolio company, in addition to any duties such persons owe to the Funds, if any, as directors of or in similar governance roles for portfolio companies, such persons should be expected to owe fiduciary duties to the other shareholders of such portfolio companies, which could be other current or future investment vehicles. In general, such positions are often important to the Funds' investment strategy and could have the effect of enhancing the ability of Snow Phipps or other related parties to manage investments. However, such positions could also have the effect of impairing the ability of Snow Phipps or other related parties to cause the Funds to sell the related securities when, and upon the terms, it otherwise desires. In addition, such positions could place Snow Phipps/TruArc personnel in a position where they must make a decision that is either not in the best interest of the Funds or not in the best interest of the other shareholders of the portfolio company—for example, in situations involving bankruptcy or the near-insolvency of a portfolio company, actions that may be in the best interest of the portfolio company may not be in the best interest of the Funds, and vice versa. Should such personnel make a decision that is not in the best interest of the other shareholders of a portfolio company, such decision could subject Snow Phipps, other related parties, and the Funds to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims.

No Assurance of Investment Return. Neither a General Partner nor the Firm can provide assurance that it will be able to identify, choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that a Fund will be able to generate returns for its investors or that returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There will be little or no near-term cash flow available to the investors from a Fund, and there can be no assurance that any proceeds, or any particular source of proceeds (including, without limitation, any proceeds from dividends or interest payments), for distributions by a Fund to the investors will materialize or that such Fund will make any distribution to the investors. Partial or complete sales, transfers or other dispositions of investments which result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Furthermore, the risks of a Fund's investments are not limited to the initial size of invested capital. For example, to the extent that a portfolio investment gives rise to litigation, such investment could ultimately lead to a net loss, once nonpayment and litigation costs are taken into account. An investment in a Fund should only be considered by prospective investors who can afford a loss of their entire investment. There can be no assurance that projected or target returns, if any, for a Fund will be achieved and prospective investors should not construe the performance of earlier investments by the Firm or its affiliates as providing any assurances regarding the future performance of any Fund.

Operational Risk. Each Fund depends on the Firm and its other service providers to develop appropriate systems and procedures to control operational risk. Operational risk arising from

mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruptions in such Fund's operations could cause such Fund to suffer financial loss, the disruption of its business, liability to clients or third parties, regulatory intervention or reputational damage. Each Fund will be highly dependent on its ability to process transactions across numerous and diverse markets. Consequently, each Fund will rely heavily on its service providers that provide financial, accounting and other data processing systems. The ability of these systems to accommodate an increasing volume of transactions could also constrain a Fund's abilities to properly manage its portfolio.

Illiquid and Long-Term Investments. Investment in the Funds requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to the investors. Many of the investments will be highly illiquid and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. Although a portfolio investment could occasionally generate current income, the return of capital and the realization of gains, if any, from a portfolio investment will generally occur only upon the partial or complete disposition or refinancing of such portfolio investment. While portfolio investments can be sold at any time, it is generally expected that the disposition of most of a Fund's portfolio investments will not occur for a number of years after such portfolio investments are made. It is unlikely that there will be a public market for the securities held by a Fund at the time of their acquisition, and such securities could require a substantial length of time to liquidate. A Fund generally will not be able to sell the securities it holds of any portfolio investment publicly unless their sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases a Fund could be prohibited or limited by contract from selling certain securities held by it for a period of time, and as a result, will not be permitted to sell a portfolio investment at a time it might otherwise desire to do so. In light of the foregoing, it is likely that no significant return from the disposition of a Fund's portfolio investments will occur for a substantial period of time from the effective date of such Fund.

Leverage. The Funds are permitted to borrow for the purpose of short-term financing, to cover shortfalls of capital contributions arising from the default of limited partners or for other purposes related to the Funds' business. We will not engage in "short selling."

Portfolio Company Management Risks. Although Snow Phipps expects to monitor the management of each portfolio company, management of each portfolio company will have day-to-day responsibility with respect to the business of such portfolio company. There can be no assurance that the existing management team of a portfolio company, or any new team, will be able to successfully operate such portfolio company or will meet a Fund's expectations. Some portfolio companies may depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would significantly adversely affect such portfolio companies' performance.

Disposition of Private Investments. Many of the Funds' investments involve private securities, which are generally more difficult to sell than publicly traded securities, as there is often no liquid market. This lack of liquidity may result in selling such private securities at a discount. In connection with the disposition of an investment in private securities, the Funds may agree to purchase price adjustments and may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of a business. The Funds may be obligated to fund additional capital pursuant to such purchase price

adjustments and also may be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the relevant Funds. These transactions may ultimately yield funding obligations that must be satisfied by the limited partners to the extent of their unfunded commitments or prior distributions made to such limited partner.

Projections. The Funds may rely upon projections developed by the Firm or a Portfolio Company concerning a portfolio investment's future performance, outcome and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of the firm and such portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values, outcomes and cash flow.

Control Position. Each Fund's General Partner will generally seek certain investment opportunities that allow the Funds to either acquire control or exercise influence over the management, operation and strategic direction of certain portfolio companies in which they invest. The exercise of control and/or significant influence over a company imposes additional risks of liability for regulatory non-compliance, environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Funds to claims by such portfolio company, its security holders, its creditors and its regulators. While the General Partners intend to manage the Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Minority Investments. The Funds are also permitted to make minority equity investments in portfolio companies where they may have more limited or no influence. Such portfolio companies may have economic or business interests or goals that are inconsistent with those of the Funds and the Funds may not be in a position to limit or otherwise protect the value of their portfolio investments in such portfolio companies. The Funds' control over the investment policies of such portfolio companies may also be limited. This could result in the Funds' portfolio investments being frozen in minority positions that incur substantial losses.

In addition, if the Funds take a minority position in publicly-traded securities as a "toehold" investment, such publicly-traded securities may fluctuate in value during the limited duration of the Funds' respective investments in such securities, which could potentially reduce returns to a Fund's limited partners. Therefore, there can be no assurance that the Funds will be able to realize the value of any such investments and distribute proceeds in a timely manner. In addition, although the Funds may generally seek board representation in connection with their minority portfolio investments, there is no assurance that such representation, if sought, will be obtained.

Counterparty and Fraud Risk. The Funds will be subject to the risk of the inability of counterparties and custodians to perform with respect to transactions or to safeguard assets, whether due to insolvency, bankruptcy or other causes, which could subject the Funds to incur substantial losses. Of paramount concern in purchasing securities and other assets is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of a portfolio company or other asset. The Funds rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable and appropriate, but cannot guarantee that such representations are accurate or complete. Under certain

circumstances, distributions to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance.

Co-Investments with Third Parties. The Funds will from time to time co-invest with third parties through jointly owned acquisition vehicles, partnerships, joint ventures or other structures. In such situations, the Funds' abilities to control their equity investments will depend upon the nature of the joint investment arrangements with such partners and the Funds' relative ownership stake in such investments. The Funds may be minority investors in these circumstances. In addition, such arrangements may restrict the Funds' ability to dispose of their investments for potentially significant periods of time. Such investments may involve risks not present in investments where a third party is not involved. A co-venturer or partner of the Funds may at any time have economic or business interests or goals which are inconsistent with those of the Funds and may be in a position to take (or block) action inconsistent with the Funds' investment objectives. The Funds may be liable for certain actions of their co-venturers or partners. Co-investments may also involve higher costs than other investments. Co-venturers or partners potentially may include limited partners of the Funds and certain Fund investors.

GP-Led Secondary Transactions. Over the life of a Fund, its General Partner could seek to sponsor a transaction in which investors are provided the opportunity to sell all or a portion of their interests in such Fund and/or their indirect interests in one or more assets of such Fund (the "Transaction Assets") to one or more secondary buyers (any such transaction, a "GP-Led Secondary Transaction"). A GP-Led Secondary Transaction could be structured in a variety of different ways. One such structure is the sale of the Transaction Assets to a so-called "continuation vehicle" in which the Transaction Assets are sold to a newly formed entity (a "Continuation Vehicle") capitalized by one or more secondary buyers, controlled by the relevant General Partner (or a General Partner affiliate) and for which the Firm or another General Partner affiliate serves as investment manager. Another structure is a limited partner tender offer (an "LP Tender Offer") in which a General Partner presents all or certain of the investors with an offer from one or more secondary buyers to purchase all or a portion of each such investor's interests in the relevant Fund (which purchase could be structured through a special-purpose vehicle controlled by such General Partner (or a General Partner affiliate) and capitalized by secondary buyers).

The structures of GP-Led Secondary Transactions are continuously evolving, and a General Partner could seek to sponsor a GP-Led Secondary Transaction with features similar to, or different from, those described above. GP-Led Secondary Transactions also give rise to various conflicts of interest, some of which are described further below (although the following discussion does not purport to enumerate all potential or actual conflicts of interests that arise in connection with GP-Led Secondary Transactions).

The General Partners, the Firm or one or more other General Partner affiliates sponsoring any such GP-Led Secondary Transaction (collectively, the "Snow Phipps Transaction Parties") will have interests that differ from, or that conflict directly or indirectly with the interests of, one or more (or all) of the investors, and such interests are likely to give rise to incentives for the Snow Phipps Transaction Parties to recommend the applicable GP-Led Secondary Transaction in addition to other conflicts of interest for the Snow Phipps Transaction Parties. By way of example only, consummation of a GP-Led Secondary Transaction will impact the Management Fees and carried interest received by Snow Phipps Transaction Parties, typically resulting in the Snow Phipps Transaction Parties receiving additional Management Fees and carried interest related to the Transaction Assets. If an LP Tender Offer is structured as a "stapled transaction" that requires

secondary buyers to make contemporaneous capital commitments to an investment fund, account or other advisory client sponsored, formed or managed by the General Partners, the Firm or any of their respective affiliates, the price offered to the investors could be adversely affected. In the context of a Continuation Vehicle transaction, a General Partner will be incentivized to seek the highest selling price for the Transaction Assets to de-risk and receive carried interest distributions in respect of the Transaction Assets being sold to the Continuation Vehicle. However, this incentive will conflict with a General Partner's desire to seek a lower price for the benefit of the Continuation Vehicle to increase the potential for more carried interest out of the Continuation Vehicle in the future (an incentive that itself will be exacerbated if the carried interest rate negotiated with the secondary buyers is higher than the carried interest rate of the relevant Fund). Such conflicts could be mitigated or exacerbated by the fact that the sale of the Transaction Assets will generally result in the current or future Management Fees chargeable to the relevant Fund to decrease as a result of the disposition of the Transaction Assets to the Continuation Vehicle – a conflict further complicated by the fact that the creation of a Continuation Vehicle is likely to result in additional Management Fees for the Firm or other General Partner affiliates from such vehicle. In addition, in a Continuation Vehicle structure, the Snow Phipps Transaction Parties could receive transaction fees, breakup fees and/or monitoring fees upon sale of the Transaction Assets and during the life of the Continuation Vehicle, which could incentivize them to act in favor of the Continuation Vehicle.

There can be no assurance that all parallel investment vehicles or investors will be offered the opportunity to participate in a GP-Led Secondary Transaction or that all parallel investment vehicles or investors would receive (or have access to) the same amount of information about the GP-Led Secondary Transaction as other parallel investment vehicles or investors, or as the secondary buyers. Furthermore, if a GP-Led Secondary Transaction is not consummated for any reason, unless otherwise agreed to with the secondary buyers, the relevant Fund will bear 100% of the out-of-pocket broken deal expenses incurred by its General Partner or other General Partner affiliates in connection with the GP-Led Secondary Transaction (which expenses are expected to be substantial).

It is expected that each General Partner would seek to mitigate any conflicts through one or more of the following (or other actions appropriate based on the facts and circumstances): (i) retaining an independent advisor to identify potential institutional investors that have experience in investing in such transactions and would be arm's-length buyers of the Transaction Assets; (ii) engaging such independent advisor to conduct an extensive price discovery process designed to maximize the purchase price received directly or indirectly by the selling investors; (iii) structuring the GP-Led Secondary Transaction in a manner such that those investors interested in achieving liquidity for their investment in the relevant Fund could receive cash and those investors interested in continuing their participation in the Transaction Assets could remain invested in the Transaction Assets; (iv) keeping the LP advisory committee apprised of the progress of the sale process managed by the independent advisor and/or consulting with or seeking the approval of the LP advisory committee with respect to the conflicts of interest associated with the GP-Led Secondary Transaction; (v) making available to investors substantially the same information made available to secondary buyers interested in participating in the bidding process for the GP-Led Secondary Transaction (although the amount of time to be afforded to the investors is expected to be significantly less than those afforded to secondary buyers); and/or (vi) obtaining a fairness or valuation opinion indicating that the consideration being paid in the GP-Led Secondary Transaction is fair from a financial point of view to the relevant Fund or the investors, as applicable. Notwithstanding the foregoing, there is no guarantee a General Partner will undertake any of the foregoing actions in connection with a GP-

Led Secondary Transaction (or, even if taken, that such actions will sufficiently mitigate the relevant conflicts of interest).

Notwithstanding the foregoing, each General Partner will retain sole and absolute discretion as to whether to (i) exclude all (or only certain individual) investors from participating in any GP-Led Secondary Transaction and/or (ii) provide access to any information about any GP-Led Secondary Transaction to all (or only certain individual) investors.

Bridge Financing. The Funds are permitted to lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. However, for reasons not always in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. Any such loan made by the Funds involves the risk of loss of the entire amount of such loan. In addition, by making such loans, the Funds may be subject to various laws and regulations applicable to lenders and the holding of such loans could potentially subject the Funds to various "lender liability" risks. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Funds.

Non-U.S. Investments. The Funds are permitted to invest globally, including in portfolio companies located in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to: (a) currency exchange matters; (b) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (c) certain economic and political risks, potential regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; (d) foreign governmental approvals and compliance with foreign laws; (e) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; (f) less developed corporate laws regarding fiduciary duties and the protection of investors and (g) rudimentary anti-fraud and insider trading regulations. The Funds' returns on their U.S. portfolio investments may not be indicative of the results they may achieve on investments located in foreign countries. There may be no prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for the Funds to seek to enforce their rights or otherwise seek legal redress or to seek to enforce foreign legal judgments. In addition, portfolio companies located in non-U.S. jurisdictions may be involved in restructurings, bankruptcy proceedings and/or reorganizations that are not subject to laws and regulations that are similar to the Bankruptcy Code and the rights of creditors afforded in U.S. jurisdictions. To the extent such non-U.S. laws and regulations do not provide a Fund with equivalent rights and privileges necessary to promote and protect its interest in any such proceeding, such Fund's investments in any such portfolio company may be adversely affected. While the General Partners intend, where deemed appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks to

the extent practicable, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Funds that are held in certain countries.

Currency Exchange Risk. Capital contributions to the Funds are payable in U.S. dollars and the Funds' assets will be valued in U.S. dollars. Certain of the Funds' portfolio investments may be denominated in the currencies other than the U.S. dollar, and hence the value of such portfolio investments will depend in part on the relative strength of the U.S. dollar. The Funds may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar, as well as the transaction costs associated with converting foreign currencies into U.S. dollars. Changes in foreign currency exchange rates may also affect the value of dividends and interest earned, and the level of gains and losses realized on the sale of such investments. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the foreign currency exchange markets. Exchange rates also are affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The Funds are not obligated to engage in any currency hedging operations, and there can be no assurance as to the success of any hedging operations that the Funds may implement.

Possible Hedging Activities. Each Fund's General Partner or the Funds may, but are not required to, use certain hedging strategies in order to minimize the risk of a decrease in the value of one or more investments. The use of hedging strategies is a highly specialized activity and there can be no assurance that their use will achieve the intended result. These hedging strategies may limit the ability of the Funds to profit from the increase in the value of an investment above a certain price. While such hedging transactions may reduce certain risks, such transactions themselves may entail certain other risks, including (but not limited to) counterparty credit risk and market liquidity risk. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives. Thus, while the Funds and the portfolio companies may benefit from the use of hedging instruments, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the Funds and the portfolio companies than if they had not used those hedging instruments. In addition, if judgments made with respect to future stock prices, exchange rates, market conditions or trends are not correct, these hedging strategies could result in losses to the Funds. The Funds' hedging activities will be subject to any limitation imposed by the *de minimis* exemption under the Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3) or any other exemption from registration under the Commodity Exchange Act applicable to the Funds at the applicable time.

Reliance on Key Personnel. The success of the Funds depends in substantial part upon the skill and expertise of the CEO and the Investment Professionals who provide investment advice with respect to the Funds. There can be no assurance that these key Investment Professionals will continue to be associated with the General Partners or the Firm throughout the life of a Fund. The loss of key personnel could have a material adverse effect on the Funds' abilities to realize their investment objectives. Furthermore, the Firm believes that the Investment Professionals have considerable expertise, but there is no means of predicting whether they will successfully implement the Funds' investment strategies, especially during changing economic conditions. Competition in the financial services industry for qualified investment professionals and other personnel is intense, and there is no guarantee that the talents of the Investment Professionals could be replaced. The success of a Fund depends on the Firm's ability to identify and willingness to provide acceptable compensation arrangements to attract, retain and motivate talented Investment Professionals and other personnel.

Such compensation arrangements may provide that an Investment Professional or other person may, in certain circumstances after the individual is no longer employed or retained by the General Partner or the Firm, be granted a continuing interest in respect of particular portfolio investments.

Board Participation. The Funds expect to be represented on the boards of directors of certain portfolio companies or may have their representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Funds' investment strategies and may enhance the General Partners' and Snow Phipps' ability to manage the portfolio investments, they may also have the effect of impairing the General Partners' ability to sell the related securities when, and upon the terms they may otherwise desire, and may subject the General Partners, Snow Phipps, the Funds and others to claims they would not otherwise be subject to as an investor, including claims of breach of fiduciary duties, violations of securities laws and other related claims. In general, the General Partners and Snow Phipps will be entitled to indemnification by the Funds for such claims, subject to limited exceptions.

Valuations by the General Partner. The General Partner's determination of the fair value of a portfolio investment may impact the calculation of the Management Fee (in respect of the period following the commitment period or the commencement of investing on behalf of an additional fund) and carried interest to the extent such valuation would result in a writedown, which could incentivize the General Partner to refrain from writing down portfolio investments. The foregoing is mitigated by the fact that, annually, the valuations of the Funds' portfolio investments are sent to the limited partner advisory committee which has the opportunity to object to such valuations and are reviewed by the Funds' independent public auditors in connection with their annual audit of the Funds.

ESG Considerations. Snow Phipps will take into account environmental, social and governance ("ESG") factors in the sourcing, investigating, identifying, researching, evaluating, developing, initiating, negotiating, structuring, making, acquiring, closing, consummating, holding, monitoring, maintaining, financing, refinancing, pledging, restructuring or otherwise disposing of portfolio investments. Snow Phipps believes that responsible ESG investing enhances the long-term value of portfolio investments and is an important element of responsible investing.

There are no universally accepted ESG standards and not all investors agree on the appropriate ESG standards to apply in a particular situation. In recent years, certain investors, including public pension funds, have placed increasing importance on the impacts of investments made by the private funds to which they commit capital, including with respect to climate change, among other aspects of ESG. Conversely, certain investors have raised concerns as to whether asset managers' (i) incorporation of ESG factors in the investment and portfolio management process may be inconsistent with their fiduciary duty to maximize return for investors and (ii) policies may result in such managers subordinating the interests of investors based solely or in part on ESG considerations. If we do not successfully manage ESG-related expectations across the varied interests of our stakeholders, including existing or potential investors, our ability to access and deploy capital may be adversely impacted.

Further, divergent views on the merits of integrating ESG considerations into the investment process exists across the jurisdictions and localities where the Firm operates. Such divergence may result in conflicting ESG-related regulations and legal frameworks which increases the Firm's compliance costs and risk of non-compliance. The increased regulatory and legal complexity and heightened

risk of public scrutiny could impact the Firm's reputation and lead to increased inquiries, investigations, and reactive stakeholder engagements.

Litigation. Litigation can and does occur in the ordinary course of the management of an investment portfolio of securities. The Funds, the General Partners and the Firm may be engaged in litigation both as a plaintiff and as a defendant. This risk is somewhat greater where a Fund exercises control or significant influence over a portfolio company's direction, including as a result of board participation. Such litigation can arise as a result of issuer defaults, issuer bankruptcies and/or other reasons. In certain cases, such issuers may bring claims and/or counterclaims against a Fund, the General Partners, the Firm and/or their respective affiliates and their respective officers, directors, members, partners, shareholders, employees, managers, consultants and agents, the principal, and the Operating Partners alleging violations of securities laws and other typical issuer claims and counterclaims seeking significant damages. The expense of defending against claims made against a Fund by third parties and paying any amounts pursuant to settlements or judgments would, to the extent that (a) such Fund has not been able to protect itself through indemnification or other rights against the portfolio companies, (b) such Fund is not entitled to such protections or (c) the portfolio company is not solvent, be borne by the Fund pursuant to indemnification obligations and reduce net assets.

Item 9 Disciplinary Information

Snow Phipps and its employees have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel. In connection with litigation filed against portfolio companies, certain Snow Phipps professionals could be named as co-defendants in their capacities as directors of portfolio companies.

Item 10 Other Financial Industry Activities and Affiliations

Ongoing Relationship with TruArc

As previously described, Snow Phipps has an ongoing relationship with TruArc. TruArc has been established as a successor business to Snow Phipps and provides advisory services to new pooled investment vehicles. In addition, TruArc is a sub-adviser to the Snow Phipps Funds. TruArc is a registered investment adviser. Mr. Ian Snow, CEO and co-founding Partner of Snow Phipps, is a "Senior Advisor" to TruArc. In addition, Mr. Snow owns a minority economic interest in TruArc and any of its affiliated General Partner(s) and, in such capacity, (a) is entitled to receive (i) a portion of the net profits of TruArc over a predetermined period of time and (ii) in exchange for making a capital commitment to the General Partner, carried interest distributions made from future funds with respect to a predetermined amount of assets under management and (b) possesses certain minority protection rights in connection with such interest, economic protections such as anti-dilution rights and consent rights in respect of certain material actions by TruArc, such as (by way of example only) the incurrence of extraordinary expenses or debt by the Firm, or entry into certain new business lines. The ongoing relationship between Snow Phipps and TruArc, includes but is not limited to, a sub-advisory agreement under which investment and back-office personnel and expenses are shared between the two firms.

Exemptions from Certain Regulatory Restrictions

Snow Phipps is not registered, nor do we have an application pending to register as a broker-dealer or a registered representative of a broker-dealer. We are also not registered, nor do we have any application pending to register, as a futures commission merchant.

Snow Phipps GP III, LLC filed for an exemption from registration as a commodity pool operator for SPIII in accordance with the CFTC Rule 4.13(a)(3). Snow Phipps has filed for an exemption from registration as a commodity trading advisor in accordance with CFTC Rule 4.14(a)(8).

Each General Partner formed for the Snow Phipps Funds are under common control with us. These entities operate as a single advisory business together with Snow Phipps and are subject to the Advisers Act pursuant to the Firm's investment adviser registration in accordance with SEC guidance.

See *Conflicts of Interest* in Item 11 below.

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

Snow Phipps and TruArc have adopted a written Code of Ethics ("Code") which is included as a part of its "Compliance Manual" and which (along with any amendments) is provided to each employee. Both the Code and the Compliance Manual apply to employees of both Snow Phipps and TruArc as both entities are subject to the same compliance program. Our Code requires all of our employees to (i) act with competence, dignity, integrity and in an ethical manner in all dealings on our behalf, (ii) use reasonable care and exercise independent professional judgment in the execution of their duties and (iii) avoid actions or relationships that might conflict, or appear to conflict, with job responsibilities or the interests of Snow Phipps and its Clients. Our Code also contains policies and procedures that ensure that all personal securities trading by employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. We prohibit personal trading on certain securities or instruments; require pre-clearance before purchasing an IPO or limited offering (i.e., private placement); and require periodic reporting of employees' personal securities transactions and all holdings. We require prompt internal reporting of Code violations.

Snow Phipps will provide a copy of the Code to any Client or prospective Client upon request.

Conflicts of Interest

The discussion below of conflicts of interest associated with an investment in the Funds does not purport to be an exhaustive list of all such conflicts. Please see the Confidential Private Placement Memoranda of the Funds for a more detailed discussion of conflicts.

Carried Interest. The existence of the General Partners' carried interest creates an incentive for the General Partner to make more speculative investments on behalf of the Funds than they would otherwise make in the absence of such performance-based arrangement.

Diverse Investors. Investors may have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of the investments made by the Funds, the structuring or

the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decision made by the General Partners or the Firm, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, the General Partners and the Firm will consider the investment and tax objectives of the Funds and their investors as a whole, not the investment, tax or other objectives or any investor individually.

Transaction Fees. The Firm and its affiliates are permitted to receive certain transaction, consulting, advisory and other similar fees associated with investments or proposed investments or commitments made by the Funds. The Firm and its affiliates may also receive fees in connection with transactions that are not completed (i.e., break-up fees). In addition, the Firm and its affiliates are permitted to receive directors' fees (which term will include options and warrants granted to any such person) and/or monitoring fees from portfolio companies.

The Firm's (or any of its affiliates') ability to receive such fees (and related expense reimbursements) from portfolio companies for performing consulting and other services for, or serving as directors (or similar positions) of, such portfolio companies represents a conflict of interest to the extent that a Fund has or will have control or significant influence over such portfolio companies.

Conflicts with Portfolio Companies. Officers and employees of the Firm will likely serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of a Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an officer or employee of the Firm and such individual's duties as a director or officer of such portfolio company. In addition, there may be conflicts between a portfolio company of one Fund and a portfolio company of another Fund. For example, the portfolio company of SPII may be a competitor, customer or supplier of one of the SPIII's portfolio companies.

Participation or Interest in Client Transactions. Snow Phipps, and an affiliated entity, serves as the investment adviser and General Partner, respectively, to the Funds. Each Fund's General Partner has an investment in such Fund. Therefore, Snow Phipps may be considered to participate indirectly in transactions effected for those Clients. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in the Funds' respective offering documents.

Snow Phipps and its affiliates expect to receive certain transaction, consulting, advisory, director or board compensation, and other similar fees associated with investments or proposed investments or commitments made by the Funds. All or a portion of such fees (for the avoidance of doubt, other than certain fees paid to Operating Partners) generally offset the Management Fee otherwise payable by the Funds.

Allocation of Investment Opportunities. In general, investment opportunities are not allocated among the Funds. The Funds' respective limited partnership agreements set forth terms with respect to the allocation of investment opportunities. Generally, based on such limited partnership agreements, from the date of the closing of a Fund, until the expiration of the commitment period

of such Fund, Snow Phipps will allocate investment opportunities (other than follow-on investment opportunities related to investments of a prior Fund) that are within the scope of such Fund's investment objectives and are in a specified amount solely to such Fund before being offered to any other Fund. In the event that a closing on behalf of a new Fund occurs prior to the expiration of the commitment period of an existing Fund, Snow Phipps will allocate those investment opportunities that meet the investment objectives of both Funds on a basis which it believes is fair and equitable under the circumstances, and in certain cases will obtain the approval of a Fund's limited partner advisory committee with respect to such allocation. Snow Phipps maintains records of those instances where Snow Phipps allocates investment opportunities between or among Funds and the methodology of such allocation.

TruArc and its affiliated General Partner allocated investment opportunities that meet the investment objectives of SPIII and Fund IV on a basis which TruArc's affiliated General Partner believes is fair and equitable under the circumstances; provided, however, that the General Partner will obtain the approval of the limited partner advisory committee with respect to the relevant terms of the investment by Fund IV in any portfolio company in which SPIII is contributing more than 50% of the aggregate amount of capital invested or committed to be invested by SPIII and Fund IV at the time of such investment and (b) with respect to any additional fund for which an initial closing of investors has been held prior to the expiration of the commitment period.

Co-Investment Opportunities. Where possible and appropriate, the General Partners are permitted to, but will be under no obligation to, provide co-investment opportunities to certain limited partners of the Funds before making such opportunities available to third parties. In respect of third parties, the General Partners may offer such co-investment opportunities to individuals, including certain existing investors, whom the General Partners believe will add value to the Funds' or the applicable portfolio company's activities, including, without limitation, Operating Partners, lenders, placement agents, underwriters and purchasers of debt, equity and equity related securities of portfolio companies and other persons with whom the Firm has a relationship. Decisions regarding whether and to whom to offer co-investment opportunities are made at the sole discretion of the General Partners and may be offered to some and not other limited partners of the Funds with allocations that may differ from their proportionate investments in the Funds and may be based on a number of factors, including, without limitation, a Fund limited partner's expressed interest in co-investments, the size of such Fund limited partner's capital commitment, and the General Partners' assessment of such Fund limited partner's ability to both fund and timely execute such co-investment. In light of the foregoing, no Fund limited partner should have any expectation of receiving co-investment opportunities.

Co-investors will typically bear their *pro rata* share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and may be required to pay their *pro rata* share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. Although Snow Phipps endeavors to allocate such fees, costs and expenses on a fair and equitable basis under the circumstances, there can be no assurance that such fees, costs and expenses will in all cases be allocated as described above. In addition, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments (and in certain circumstances, co-investors may not bear such fees, costs and expenses because they have not been identified as of the time such potential investment

ceases to be pursued). In such event, such fees, costs and expenses will be considered operating expenses of and be borne by the applicable Fund.

Access to Insider Information. As a result of participation by representatives of the Firm on boards of certain companies, and/or as a result of confidentiality agreements or non-disclosure agreements entered into by the Funds or the Firm, the Funds expect to acquire confidential or material, non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information and such information may serve to restrict the Funds in their investment activities. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell a portfolio investment that they otherwise might have sold. The Firm expects such possession of material, non-public information to create a conflict of interest between the representatives' and the Firm's duties and obligations to the companies on whose boards these representatives participate and the Funds' abilities to effect purchases and sales of the securities of such companies. Inadvertent trading on material non-public information could have adverse effects on the Firm's reputation, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact the Firm's ability to perform its investment management services on behalf of the Funds; provided that the foregoing is mitigated by the fact that the Firm maintains the Code, which limits its employees' ability to engage in personal trading and allow the Firm to monitor such activity.

Fund Expenses. Certain expenses of the Funds, the General Partners or the Firm incurred in connection with the structuring, negotiating, making, monitoring, sale, proposed sale or other disposition of portfolio investments may be borne by one or more portfolio companies and, as such, shall not be paid by the General Partners or the Firm or paid or reimbursed by the Funds.

Service Providers. The Funds' service providers (including, without limitation, deal generators, introducers, lenders, brokers, attorneys and outside directors) may be investors in the Funds or a successor fund and/or sources of investment opportunities therefor and counterparties therewith. This may influence the General Partners in deciding whether to select such a service provider or have other relationships with such party. Notwithstanding the foregoing, a General Partner will only select a service provider to the extent it determines that doing so is in the best interests of the applicable Fund given all surrounding facts and circumstances and is consistent with such General Partner's responsibilities under applicable law.

In addition, the Firm and one or more portfolio companies will engage common service providers. In such circumstances, there will be a conflict of interest between the Firm, on the one hand, and the Funds and the applicable portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Firm would favor the engagement or continued engagement of such persons if it 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. The Firm may from time to time receive a discount on services provided to it by such a common service provider even though the Funds and/or one or more portfolio companies receive a lesser, or no, discount. In addition, different portfolio companies may receive different levels of discounts.

Principal Transactions. We do not anticipate entering into principal transactions, where we or any of our affiliates purchase or sell any security for our own account from or to the account of any Fund. In the event that we (or our affiliate) engage in a principal transaction, we will obtain the approval of the applicable Fund's limited partner advisory committee.

Cross Transactions. We are not affiliated with a registered broker-dealer and as such cannot engage in agency cross transactions. While unlikely, we may engage in a cross transaction, where one Client purchases or sells any security for its own account from or to the account of another Client. In the event of a cross transaction, we will obtain any required Client approvals, including that of a Fund's limited partner advisory committee in accordance with the terms of such Fund's limited partnership agreement.

Other Benefits. In connection with its services to a Fund and its investments, Snow Phipps, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Snow Phipps's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Snow Phipps 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, "Snow Phipps Information"). In many cases, Snow Phipps Information will include tools, procedures and resources developed by Snow Phipps to organize or systematize Snow Phipps Information for ongoing or future use. Although Snow Phipps expects a given Fund and its portfolio companies generally to benefit from Snow Phipps's possession of Snow Phipps Information, it is possible that any benefits will be experienced solely by other Funds or portfolio companies and not by the Fund or the portfolio company (or by Snow Phipps and its personnel) from which Snow Phipps Information was originally received or derived. Snow Phipps Information will be the sole intellectual property of Snow Phipps and solely for the use of Snow Phipps. Snow Phipps reserves the right to use, share, license, sell or monetize Snow Phipps Information, without offset to Management Fees, and the Funds and/or their portfolio companies will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to a Fund or its portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points", "cash back", rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, a Fund or its investors; no such rewards will offset or otherwise reduce the Management Fee.

Valuation. Snow Phipps is not generally required to mark-to-market or value Fund investments for purposes of determining its advisory fees or otherwise. However, the limited partnership agreements of the Funds require that Snow Phipps determine the fair value of a Fund investment to the extent it would result in a write-down which would impact the calculation of Snow Phipps' (or its affiliate's) Management Fee or carried interest. Snow Phipps has a valuation committee consisting of the CEO, Investment Partners, the Chief Financial Officer, and applicable Investment Professionals with specific knowledge of the portfolio company (when appropriate) and/or their respective delegates, which is responsible for overseeing and approving all assessments of the fair value of Fund assets. The valuation committee is also responsible for ensuring that all such valuations are performed in accordance with Snow Phipps' valuation policies.

Item 12 Brokerage Practices

We do not make regular use of brokers for the purposes of purchasing or selling securities on behalf

of the Funds because the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and the commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any. In order to minimize execution costs and obtain best execution for all Funds, we may aggregate orders for multiple Funds, as long as aggregating would be in the best interests of each participating Fund.

Snow Phipps does not currently utilize any soft dollar benefits or Client referrals from broker-dealers in connection with Client transactions.

Item 13 Review of Accounts

Generally, each week, the Investment Professionals review all transactions on the active pipeline report, including investments in various stages of diligence and portfolio companies. These meetings are designed to be highly interactive and cover all aspects of ongoing transactions. The group discussions tap into the collective knowledge of the Firm's professionals, allowing each deal team to contribute to, and benefit from, these meetings. With respect to transactions in process, the Investment Professionals discuss due diligence findings, potential transaction structures, industry dynamics and competitive landscapes. In addition, non-binding letters of intent are discussed and reviewed in detail. With respect to active portfolio companies, the relevant deal team discusses recent company developments. The investment committee provides final approval for transactions after the completion of due diligence, transaction documentation and receipt of financial commitments from financing sources.

Snow Phipps reviews all investments on an ongoing basis. Investors receive unaudited quarterly financial statements, audited annual financial statements and annual tax information for the completion of income tax returns. Investors also receive as part of the quarterly package portfolio company reviews. The fund administrator provides accounting (including maintaining limited partner capital accounts), administrative and tax services, including any alternative investment vehicles, parallel investment vehicles and holdings vehicles, to the extent applicable.

Item 14 Client Referrals and Other Compensation

We sponsor the formation of each Fund and we do not engage or compensate third party referral agents to solicit new Clients for us. However, Snow Phipps is permitted to engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. The fees and expenses of any third-party placement agents will be paid by the Funds, but will be reimbursed by Snow Phipps by offsetting its Management Fees. Although common, such placement agent arrangements create a potential conflict of interest because, in theory, the placement agent will be motivated, at least partially, by financial gain and not because the Funds are suitable to a prospective investor's needs.

Item 15 Custody

In accordance with Rule 206(4)-2 under the Advisers Act, the Firm is deemed to have custody of the underlying assets of the Funds. All cash and any applicable publicly traded securities for the Funds are held in custody by unaffiliated broker/dealers or banks. Snow Phipps maintains custody of certain privately issued securities in accordance with the SEC's guidance for private securities. However, Snow Phipps has access to Client accounts since it or an affiliate serves as a General Partner of the Funds. The Funds are subject to an annual audit by an independent public accountant that is registered with, and periodically inspected by, the Public Company Accounting Oversight Board. Limited partners in each Fund are provided with annual audited financial statements, prepared in accordance with U.S. GAAP, within 120 days of such Fund's fiscal year end.

Item 16 Investment Discretion

As discussed above, we provide discretionary investment advice to the Funds pursuant to an investment management agreement with each Fund. Each such investment management agreement, together with the management authority granted to the General Partners of the Funds pursuant to the Funds' limited partnership agreements, provides Snow Phipps with full discretion to determine investments to be purchased and sold on behalf of each Fund and the terms of the related transaction. Limitations on investment discretion are set forth in the investment management agreements with, and the limited partnership agreements of, the Funds.

Item 17 Voting Client Securities

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where Snow Phipps, having discretionary authority over the accounts of the Funds, may be asked to vote the securities of such Funds on restructuring or other corporate matters. Snow Phipps will seek to ensure that a record of each securities position held by each Fund is maintained and, where any such vote is to occur, Snow Phipps will seek to ensure that it receives all relevant information, disclosure materials and such proxies or consents as are necessary for Snow Phipps to cast votes in a timely manner.

Snow Phipps will also determine where there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. If Snow Phipps determines that there is no material conflict of interests, then we will make the voting determination and take the required voting action. If Snow Phipps determines that, due to a conflict of interests, Snow Phipps is not capable of making an independent determination as to the voting decision then the voting decision will be that recommended by the applicable limited partner advisory committee.

The Funds may not direct Snow Phipps' vote in a particular solicitation. Each Fund is controlled by its General Partner (a Snow Phipps affiliate) and, as such, each Fund is aware of how it voted with respect to its securities.

A copy of the proxy voting policy and voting records will be provided to any Client and prospective Client upon request.

Item 18 Financial Information

Snow Phipps has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.

Item 19 Requirements for State-registered Advisers

Not applicable.