

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

**NAUTIC PARTNERS, LLC**

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**March 28, 2024**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Nautic Partners, LLC (“Nautic Partners”). If you have any questions about the contents of this Brochure, please contact us at (401) 278-6770. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

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

## **MATERIAL CHANGES**

Nautic Partners filed its most recent Form ADV Part 2 on March 30, 2023. This annual amendment includes updates relating to Nautic Partners' regulatory assets under management, as well as the description of the business practices of Nautic Partners and its affiliates, including, but not limited to, updates to the Funds (as defined herein) managed by Nautic Partners, and additional information regarding investments risks and conflicts of interest.

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## ADVISORY BUSINESS

Nautic Partners, LLC (“**Nautic Partners**”), a registered investment adviser, is a Delaware limited liability company. Nautic Partners commenced operations in June 2000. The following investment advisers are affiliated with Nautic Partners:

- Silverado V Corp.
- Nautic Capital VII, L.P.
- Nautic Capital VIII, L.P.
- Nautic Capital IX, L.P.
- Nautic Capital X, L.P.
- Nautic Capital (ESS), L.P.
- Nautic Management V, L.P.
- Nautic Management VI, L.P.
- Nautic Management, LLC

(each, a “**General Partner**” and, collectively, together with any future affiliated general partner entities, the “**General Partners**” and, together with Nautic Partners and their affiliated entities, “**Nautic**”)

Each General Partner is subject to the Advisers Act pursuant to Nautic Partners’ registration in accordance with SEC guidance. Nautic Partners and each General Partner operate as a single investment advisory firm and are all under common control. The General Partners listed above each serve as general partner to one or more Funds and have the authority to make investment decisions on behalf of such Funds. Nautic Partners does not directly have discretionary investment authority over any Fund, but does provide certain non-discretionary investment advice to the General Partners. Each General Partner makes all investment decisions on behalf of the respective Fund(s) it advises. Nautic Partners employs all Nautic personnel but does not directly receive advisory fees, and see “Fees and Compensation” for more detail.

Nautic provides discretionary investment advisory services to its clients, which consist of investment funds privately offered to qualified investors in the United States and elsewhere. Nautic’s clients include the following (each, a “**Fund**” and, together with any future private investment fund to which Nautic provides investment advisory services, the “**Funds**”):

• Fleet Equity Partners VII, L.P.	<b>“Fleet Fund”</b>
• FVR LLC	<b>“FVR LLC”</b>
• Kennedy Plaza Partners III, LLC • Kennedy Plaza Partners VI, L.P.	<b>“Kennedy Plaza Funds”</b>
• Nautic Partners V, L.P.	<b>“Fund V”</b>
• Nautic Partners VI, L.P. • Nautic Partners VI-A, L.P.	<b>“Fund VI”</b>
• Nautic Partners VII, L.P. • Nautic Partners VII-A, L.P.	<b>“Fund VII”</b>
• Nautic Partners VIII, L.P. • Nautic Partners VIII-A, L.P.	<b>“Fund VIII”</b>
• Nautic Partners IX, L.P. • Nautic Partners IX-A, L.P.	<b>“Fund IX”</b>
• Nautic Partners X, L.P. • Nautic Partners X-A, L.P.	<b>“Fund X”</b>
• Nautic CarepathRx Co-Invest, L.P.	<b>“CarepathRx Co-Invest”</b>
• Nautic Partners (ESS), L.P.	<b>“ESS CV”</b>
• IRC Superman Aggregator, LLC	<b>“IRC Superman Aggregator”</b>
• Nautic Partners Associates Fund, L.P.	The <b>“Associates Fund”</b>

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

Nautic is the investment manager to ESS CV, which was formed in November 2021 to acquire a portion of a certain portfolio company investment from certain Funds managed by Nautic. ESS CV and related transactions are part of an effort, in part, to provide limited partners

of such participating Funds a partial liquidity option with respect to the relevant portfolio company; each limited partner in the relevant Fund was offered the option to elect to receive partial liquidity in respect of the portfolio company investment or to reinvest all or a portion of such limited partner's current exposure to such portfolio company in ESS CV alongside new investors.

Nautic's advisory services for each Fund are detailed in each such Fund's offering memorandum or other offering document(s) (each, a "**Memorandum**") and limited partnership or other operating agreement(s) of the Funds (each, a "**Limited Partnership Agreement**" and, together with any relevant Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Fund investors (generally referred to herein as "investors," "members," "partners" or "limited partners") participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Nautic and any investor. The Funds or Nautic have entered, and expect in the future to enter, into "side letter" arrangements or other similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, as permitted under the Governing Documents, Nautic expects to provide (or agree to provide) certain current or prospective investors or other persons, including portfolio company management or personnel, Nautic's personnel and/or certain other persons associated with Nautic and/or its affiliates (to the extent not prohibited by the Governing Documents), investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) that will invest in certain portfolio companies alongside a Fund. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at substantially the same time and on substantially the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from a Fund. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in Nautic's sole discretion, Nautic is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions) to compensate the relevant Fund for the holding period, and to seek reimbursement to the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

As of December 31, 2023, Nautic managed approximately \$7,825,588,486 in client assets on a discretionary basis. Nautic Partners is principally owned by Christopher F. Corey, Christopher J. Crosby and Scott F. Hilinski.

## FEES AND COMPENSATION

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. The Governing Documents of the Funds describe fees, compensation and expenses in greater detail.

In general, each General Partner receives a management fee and a carried interest in connection with the advisory services it provides to clients. The General Partners or other Nautic entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (e.g., monitoring and other fees) of the Funds (“**Company Fees**”) and a portion of such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to Nautic in accordance with the Governing Documents. Investors in the Funds also bear certain fund expenses, as described below.

### Management Fees

The following generally describes the typical fee structure of the Funds, but investors should refer to each Fund’s Governing Documents as there are variations among each Fund’s terms. During the investment period of a particular Fund, such Fund generally will pay its General Partner an annual management fee (the “**Management Fee**”), payable for semi-annual periods partially in advance and partially in arrears, equal to 2% of aggregate commitments. Commencing with the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events as set forth in the Governing Documents, the Management Fee for (a) Fund V will generally equal 1.65% of (i) the aggregate funded commitments, less (ii) distributions constituting returns of capital and write downs, (b) Fund VI will generally equal 1.65% of (i) the aggregate amount of capital contributions, less (ii) the aggregate amount of capital contributions made with respect to investments that have been realized or permanently written down, less (iii) a portion (determined on the basis of the portion of the total funded capital contributions that were made with respect to investments that have been realized or permanently written down) of the aggregate capital contributions that were made with respect to Fund expenses, (c) Fund VII and Fund VIII will generally equal 1.65% of (i) the aggregate amount of capital contributions made with respect to investments, less (ii) the aggregate amount of capital contributions made with respect to investments that have been realized or permanently written down, and (d) Fund IX and Fund X will generally equal 2% of (i) the aggregate amount of capital contributions made with respect to investments, less (ii) the aggregate amount of capital contributions made with respect to investments that have been realized or permanently written down. In addition, with respect to a Fund’s investment, the Management Fee for such Fund will be reduced by a specified percentage as set forth in the Governing Documents, which is generally 100% (80% with respect to Fund V and Fund VI) of: (i) any closing fees, commitment fees, investment banking fees, placement fees, monitoring fees, consulting fees, directors’ fees, advisory fees or other similar fees received by the applicable General Partner or employees thereof from portfolio companies; (ii) any transaction fees paid by portfolio companies to the applicable General Partner; and (iii) any break-up fees from transactions not completed that are paid to the applicable General Partner, in each case reduced by the unreimbursed expenses in generating such fees. To the extent any excess fees described in clauses (i)-(iii) of the foregoing sentence remain unapplied upon dissolution of a Fund, the relevant General Partner generally will distribute to each limited

partner such limited partner's share of such unapplied excess unless such limited partner has previously notified such General Partner in writing of its irrevocable election not to receive its pro rata share of such excess. The relevant General Partner reserves the right to retain any fees that are not required by the Governing Documents to be applied to reduce the Management Fee, including with respect to Funds or vehicles not bearing Management Fees. With respect to Fund VI, Fund VII, Fund IX and Fund X, each General Partner reserves the right to waive all or a portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment is treated under the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to a Fund. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by a General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

As is generally the case in private equity funds, the Governing Documents provide that a Fund's Management Fees will be calculated and charged on a basis that generally is not tied to the Fund's then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (the "**Stepdown Date**"), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the relevant Fund relating to such Fund's aggregate investment(s) in its portfolio companies that have not been realized or permanently written down (such permanently written down investments, "**Impaired Value Investments**").

Under the Governing Documents, where the fair market value of a Fund's aggregate investment in a portfolio company exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case where the Fund's aggregate investment(s) in a portfolio company meet the relevant Impaired Value Investment standard under the Governing Documents. For the avoidance of doubt, following the Stepdown Date if the fair market value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such Impaired Value Investment will be reduced solely based on the ratio of the fair market value of the aggregate remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s) as of the date on which such determination is being made.



As a result, and as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments, aggregate investments in a portfolio company or of a Fund, including following the relevant investment period, and will not be reduced in connection with any write downs, except in the case of Impaired Value Investments. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a dividend recapitalization) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such portfolio company has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the post-Stepdown Date Management Fee base will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs or write-offs that occur partway through the relevant calculation period.

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

Additionally, as further described below and in the Governing Documents of certain Funds, operating advisors, who are independent consultants ("**Operating Advisors**"), provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Operating Advisors generally receive compensation, including, but not limited to, cash fees, retainers, a profits or equity interest in a portfolio company, incentive equity and stock awards, consulting and transaction fees or other compensation, and such compensation will not result in additional offsets to the Management Fee. In addition Operating Advisors are given opportunities to invest in a Fund.

The Management Fee of a Fund will commence as of the effective date based on aggregate commitments, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

### **Carried Interest**

In general, each General Partner will be entitled to receive a carried interest with respect to the Fund(s) it advises generally equal to up to 20% of all realized profits subject to an annually compounded preferred return and related General Partner catch-up, as more fully described in the Governing Documents. The carried interest distributed to a General Partner is subject to a potential clawback or giveback at the end of the life of a Fund if the respective General Partner has received excess cumulative distributions.

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

## Other Information

Nautic generally has the right to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. The relevant General Partner reserves the right to make any such exemption from the Management Fees and/or carried interest by a direct exemption, a rebate by Nautic and/or its affiliates, or through other Funds which co-invest with the relevant Fund.

With respect to ESS CV, Nautic Capital (ESS), L.P., the general partner of ESS CV, will not be paid a Management Fee, but will retain 100% of any directors', transaction, break-up, monitoring, advisory and other similar fees and is entitled to receive a carried interest subject to an annually compounded preferred return, as more fully described in the Governing Documents.

Each Fund generally invests on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of a Fund and investors generally are not permitted to withdraw or redeem interests in a Fund.

Certain principals and other current or former personnel of Nautic are allocated salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by a General Partner as partners, members or equityholders of such General Partner.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. With the exception of the Kennedy Plaza Funds, the Fleet Fund and the Associates Fund, as set forth more fully in the Governing Documents, each Fund generally will pay, or reimburse the relevant General Partner for, all other fees, costs, expenses, liabilities and obligations related to a Fund and/or its activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company) or applied to reduce Management Fees, generally including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to originating, identifying and sourcing of investment opportunities for a Fund (including meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline); (ii) activities with respect to the pursuing, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, a Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence, software and service providers, consultants and similar professionals in connection therewith); (iii) indebtedness of, or guarantees made by, a Fund or activities in connection with seeking to put in place any such indebtedness of, or guarantees by, a Fund, the management company (if applicable), the relevant General Partner or any "affiliated partner" on behalf of a Fund (including any credit facility, letter of credit or similar credit support),

including the repayment of principal and any interest with respect thereto; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banking and other similar services; (vi) brokerage, sale, custodial, depositary and local paying agent (including any depositary appointed pursuant to the EU Alternative Investment Fund Managers Directive (“AIFMD”) and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation related to the implementation thereof), trustee, record keeping, account and similar services; (vii) expenses associated with the reporting, filings or other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (viii) legal, accounting, research, auditing, technology, administration (including costs associated with any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including consulting and retainer fees, salary and other compensation paid to, and benefits or personnel costs provided to or on behalf of, any Operating Advisors, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (ix) reverse breakup, termination and other similar arrangements; (x) financing, commitment, origination and similar activities; (xi) insurance (including directors and officers liability, fidelity bond, portfolio management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance, including costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (xii) filing, title, transfer, survey, registration and other similar activities; (xiii) printing, communications, mailing, courier, marketing and publicity (other than any printing, communications, mailing, courier, marketing and publicity expenses incurred in connection with fundraising for a Fund, it being understood and agreed that any such expenses shall be organizational expenses); (xiv) the preparation, distribution or filing of Fund-related or other investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with partners, any other administrative, compliance or regulatory filings or reports (including Form PF, any filings or reports contemplated by AIFMD and Bureau of Economic Analysis Reports) or other information, including costs of any third-party service providers and professionals related to the foregoing; (xv) compliance with any tax or financial account reporting regime, including the United States Foreign Account Tax Compliance Act, the OECD Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xvi) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services); (xvii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with the General Data Protection Regulation (EU

2016/679) (as amended) and the Freedom of Information Act, 5 U.S.C. § 552); (xviii) to the extent provided in the Governing Documents, or otherwise approved by the relevant General Partner in its sole discretion, activities or proceedings of the advisory board (including any reasonable out-of-pocket costs incurred by representatives of the relevant General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xix) indemnification (including legal and costs incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents or otherwise and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xx) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xxi) any annual, periodic or special meeting of the partners and any other conference, meeting or webcast or other video conference with any partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, reasonable entertainment, honorarium, events or speakers and other meeting or conference-related costs), in each case, to the extent incurred by a Fund, the relevant General Partner or any other affiliate of the relevant General Partner; (xxii) the Management Fee; (xxiii) except as otherwise determined by the relevant General Partner in its sole discretion, any cost relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund Expense if it were incurred in connection with a Fund, any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities and any other costs related to any past or anticipated structuring or restructuring of a Fund and/or its subsidiaries or affiliated entities or any other entity associated with a Fund; (xxiv) the termination, liquidation, winding up or dissolution of a Fund and any legal entities owned directly or indirectly by a Fund, including a Fund's portfolio companies and related entities; (xxv) defaults by partners in the payment of any capital contributions; (xxvi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, a blocker fund, any entities owned directly or indirectly by a Fund (including portfolio companies) and any alternative investment vehicle of a Fund or a blocker fund, the relevant General Partner, a blocker fund general partner, an ultimate general partner, any management company (if applicable) or related entities, including the preparation, distribution and implementation thereof; provided that, with respect to amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the relevant General Partner, a blocker fund general partner and the management company (if applicable), such amendments, waivers, consents or approvals relate to the affairs of a Fund, a blocker fund or any alternative investment vehicle thereof; (xxvii)(A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the relevant General Partner or any of its affiliates incurred in connection with the operation of a Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to a Fund, the relevant General Partner and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to a Fund or the relevant General Partner

(including as a result of any anti-money laundering laws, rules or regulations); (xxviii) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such costs or amounts have been determined to be excluded from the indemnification provided for in the Governing Documents; (xxix) any consultants, experts or advisors engaged, including independent appraisers engaged in connection with a Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more investment vehicles (other than a Fund) managed or controlled by the relevant General Partner or any of its affiliates; (xxx) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a limited partner contemplated by the Governing Documents or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxxi) any taxes, fees and other governmental charges levied against a Fund and/or any alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund and/or any alternative investment vehicle (except to the extent that the relevant Fund is reimbursed therefor by a partner) and any costs of or related to the "partnership representative" of a Fund and any "designated individual" of a Fund; provided that nothing in this clause (xxxi) shall affect the treatment of any such amount pursuant to the Governing Documents; (xxxii) distributions to the partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxxiii) unreimbursed and unpaid costs of the Operating Advisors, employees or other persons engaged by an Operating Advisor; (xxxiv) compliance or regulatory matters, except as otherwise set forth in the Governing Documents, including compliance with the Governing Documents and/or any letter agreement or similar agreement; (xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the relevant General Partner, the management company (if applicable) or any of their respective affiliates at any trade conference, including any applicable registration fees and exhibition, sponsorship or other presentation fees, costs and expenses; (xxxvi) the cost of hosting or attending training programs, meetings or other events for portfolio companies, their executives and/or their personnel; (xxxvii) any travel (including air travel, car or ride sharing services and other modes of transportation), lodging, meals or reasonable entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxviii) any of the items listed above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated) (collectively, "**Broken Deal Expenses**"); (xxxix) any organizational expenses; (xl) any private placement or finders' fees paid by a Fund to placement agents, finders or other third-parties performing similar services in connection with the organization or funding of a Fund (but not including any out-of-pocket costs and expenses incurred by such persons that are paid or reimbursed by a Fund); and (xli) any other costs approved by the advisory board. Except where the relevant Governing Documents or side letter(s) expressly provide to the contrary, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Nautic and/or its

affiliates; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In addition, in certain cases, these or similar expenses (and/or certain supplemental fees and other amounts) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in side letters relating thereto, and (where applicable) environmental, social, governance (ESG) and other standards to which the relevant General Partner has considered when making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. In certain circumstances, Nautic is expected to advance amounts related to the foregoing and receive reimbursement from the Funds, without interest, to which such expenses relate.

As described above, in certain circumstances, the General Partners are expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Nautic's related policies and practices and the Governing Documents and/or side letter arrangements. Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its *pro rata* share of such Broken Deal Expenses. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

Nautic and/or its affiliates generally have discretion over whether to charge Company Fees 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 Nautic and/or its affiliates on the other hand.

### **Operating Advisors**

Additionally, as described more fully in the Governing Documents of certain Funds, Nautic expects that Operating Advisors (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) will provide services to certain portfolio companies of the Funds. In connection with such services, such Operating Advisors generally receive compensation, including, but not limited to, cash fees, retainers, discretionary compensation (whether or not based on pre-determined milestones), a profits, participation or equity interest in a portfolio company or holding company, incentive equity and stock awards, consulting and transaction fees or other compensation, and such compensation (including, as a general matter, any compensation awarded while an individual is serving as an Operating Adviser but that vests after such person becomes an employee of Nautic) will not result in additional offsets to the Management Fee. Such Operating Advisors generally will also receive compensation from Nautic as independent consultants. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Operating Advisors compensation as well as fees, costs and expenses of structuring Operating Advisors arrangements. The use of Operating Advisors subjects Nautic to conflicts of interest, as discussed under "Methods of Analysis, Investment Strategies and Risk of Loss - Conflicts of Interest."

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

As described under "Fees and Compensation," the General Partners generally receive a carried interest allocation on certain realized profits in the applicable Funds. A carried interest allocation represents a General Partner's compensation based on a percentage of net profits of the Funds it manages. Nautic also advises certain Funds or other investment vehicles that are not charged a performance-based fee (e.g., the Kennedy Plaza Funds and the Associates Fund, whose investors consist of Nautic personnel, family and friends). Nautic does not believe this arrangement poses a conflict of interest in practice because the Kennedy Plaza Funds and the Associates Fund invest on a *pari passu* basis alongside the Funds that do pay a performance-based fee at substantially the same time and on substantially the same terms as such Funds and dispose of such investments in a similar manner.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than it would otherwise make in the absence of such arrangement, although Nautic generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life.

For third-party co-invest vehicles that do not pay a performance-based fee, Nautic has adopted certain allocation policies and procedures to address this potential conflict of interest in accordance with the Governing Documents. Nautic's general policy is to allocate investment opportunities to the applicable main Funds first (including the Kennedy Plaza Funds and the Associates Fund) and then to permit certain third-party co-invest vehicles to participate in a particular investment opportunity if there is excess capacity in such investment. In addition, such third-party co-invest vehicles generally make investments alongside and at the same time as such main Funds on substantially the same terms and conditions. For further information, please see "Methods of Analysis, Investment Strategies and Risk of Loss - Conflicts of Interest."

## **TYPES OF CLIENTS**

Nautic provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to Nautic's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals or other personnel of Nautic and its affiliates and members of their families, Operating Advisors or other service providers retained by Nautic or a Fund, as well as current or former executives of portfolio companies.

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

The Funds generally have a minimum investment amount of \$10 million for third-party investors. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) "accredited investors" as defined in Regulation D promulgated under the Securities Act of 1933, as amended, and (ii) for certain Funds, either "qualified purchasers" or "knowledgeable employees" as each such term is defined under the Investment Company Act. Nautic generally is permitted to waive such minimum investment amounts and qualification requirements.

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

### **General**

The Funds generally pursue middle-market private equity investments in a variety of growth, consolidation and buyout opportunities, primarily in healthcare, industrial, and outsourced services companies.



The following is a summary of the investment strategies and methods of analysis generally employed by Nautic on behalf of its active Funds. More detailed descriptions of such Funds' investment strategies and methods of analysis are included in the Governing Documents for each Fund. There can be no assurance that Nautic will achieve the investment objectives of any of the Funds and a loss of investment is possible.

## **Investment and Operating Strategy**

Nautic primarily seeks to make equity and equity-related investments of \$25 million or more in a variety of growth, consolidation and buyout opportunities of middle market companies based in North America with EBITDA generally of \$10 million and above.

The key components of Nautic's playbook-driven strategy include:

1. **Nautic-Driven Theme Development.** Nautic's investment team leads a thematic approach further augmented by executive relationships to understand key factors influencing each broad industry ecosystem and thereby identifying sub-sectors within Nautic's target verticals. Nautic believes that deep sector and sub-sector knowledge often leads to an ability to recognize and understand underlying investment value more efficiently than the competition, resulting in a more thorough and efficient due diligence process that focuses on the critical success drivers of a target's business.
2. **Map the Universe.** Nautic believes it understands the companies operating in the Healthcare, Industrials, and Services sub-sectors, including strategies, and strives to gain complete understanding of the markets while seeing every potential deal. Investment professionals develop familiarity with key executive and operational talent within the field of focus and line up executive talent within the Executive Network with demonstrated experience in the sub-sectors. Deep dives are conducted in conjunction with executive talent on business models, competition, and value drivers, with a goal of gaining familiarity with key market players prior to such companies becoming actionable investment opportunities.
3. **Pursue Deals with Executive Edge.** Nautic pursues investments, including proactively and outside of formal processes, where Nautic believes it can identify a clear angle of pre-identified levers for value creation developed through rigorous sector benchmarking, including sub-sector specific KPIs that Nautic will track over long periods of time to help identify the compelling opportunities. Nautic's Executive Network provides confidence when executing value creation levers and undertaking higher-reward opportunities (e.g., buy-and-build, carve-outs, management transition, specific sub-vertical dynamics).
4. **Informed Execution of Value Creation.** Management teams implement pre-identified initiatives (specific operational initiatives, management optimization, strategic M&A) that Nautic believes will grow revenue, expand margins and

increase operational professionalism through the addition of people, processes and systems. Portfolio companies partner with key executives, including those who have participated in above-mentioned elements of the Nautic playbook, to lead transformative initiatives while protecting downside.

5. **Build Quality Businesses.** Nautic navigates strategic imperatives to build businesses of scale with enhanced management and operations that Nautic believes will represent attractive opportunities for the next buyer, whether strategic or financial. This involves not only enhancing management and operations but also aligning with overarching strategic goals. By emphasizing quality and sustainability, Nautic aims to create lasting value in its portfolio companies.
6. **Expand on Network.** The repeated application of the playbook has had the positive effect of increasing Nautic's internal knowledge base within its sub-verticals while compounding Nautic's Executive Network.

Nautic believes that, by continuing to adhere to this investment strategy, it can produce attractive returns across a variety of economic and industry cycles.

***Executive Network Management.*** Over its 37-year history, Nautic has emphasized generating strong executive relationships that Nautic believes can be a differentiating factor throughout the investment process, from ideation through execution. Today, Nautic maintains an Executive Network of over 500 executives segmented by industry and area of expertise. These executive relationships generally represent C-level operational talent across all of Nautic's sub-sectors of focus, and are selected based upon a combination of functional, operational, industry-specific, and strategic expertise.

***Advantaged Deal Sourcing.*** Nautic has developed a comprehensive deal-sourcing strategy that it believes provides for a distinct competitive advantage. With over 235 years of combined private equity experience across all of Nautic's investment professionals, Nautic has developed an extensive network of both professional and personal relationships throughout the industry executive, investment banking, private equity and broader business communities across Nautic's focus verticals. These relationships, which run the spectrum from direct to intermediated sources, historically have represented high volume sources of deal flow. These complementary efforts seek to ensure that Nautic has access to deal flow not only from the most productive sources, but also from sources who may represent a lower volume of deal flow, but could still generate attractive opportunities.

***Active Post-Investment Value Creation.*** Nautic believes that its post-investment, value-creation activities have been and will continue to be a critical component of Nautic's success. Nautic generally seeks to invest in companies with established business models, operating in sub-sectors where Nautic believes it has a deep network of executive talent, and therefore believes that its value creation activities should be customized for each portfolio company and can be performed in collaboration with portfolio company management teams. Nautic's value creation strategy focuses on three core elements: (i) operational initiatives, (ii) management optimization, and (iii) strategic M&A, and seeks to leverage Nautic's playbook, utilizing the breadth of Nautic's investment staff, Operating Advisors and expansive network of executive relationships. Nautic

pursues investments where it believes it can identify a clear angle of pre-identified levers for value creation developed through rigorous sector benchmarking and partnership with executive relationships to achieve high-reward outcomes, as Nautic believes these efforts have the potential to grow revenue, expand margins and increase operational professionalism through the addition of people, processes and systems.

## **Risks of Investment**

The Funds and their investors bear the risk of loss that Nautic's investment strategy entails. Although the following risk factors are generally applicable to Nautic's Funds, investors should also refer to each Fund's Memorandum for risk factors specific to such Fund. The risks involved with Nautic's investment strategy and an investment in a Fund include, but are not limited to:

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

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

*Investments in Private Companies.* A Fund's investment portfolio is permitted to consist primarily of securities and/or other interests issued by privately held companies, and operating results in a specified period will be difficult to predict. A Fund cannot provide assurance that it will be able to choose, make and realize investments. Such investments generally are illiquid and involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war, revolutions and the effects of terrorist attacks. Accordingly, there can be no assurance that a Fund will be able to generate returns for its limited partners or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein or that the relevant General Partner's methodology for evaluating risk-adjusted return profiles for investments will achieve a Fund's objectives. There may be little or no near-term cash flow available to the limited partners from a Fund, and there can be no assurance that a Fund will make any distribution to the limited partners. Partial or complete sales, transfers or other dispositions of investments that may result in a return of capital or the realization of gains, if any, may not occur for a significant period of time after an investment is made. A Fund's performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. All investments of a Fund are speculative in nature and involve substantial risk of partial or total loss of capital. Accordingly, an investment in a Fund should only be considered as a part of an overall investment strategy, by persons who can afford a loss of their entire investment.

*Investment in Junior Securities.* The securities in which the Funds will invest have the potential to be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Although a Fund reserves the right to make investments in debt securities, which are permitted to be secured by specific collateral, generally, there will be no or limited collateral to protect a Fund's investment once made.

*Non-Controlling Investments.* A Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights with respect to a portfolio investment. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for such Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons and/or entities who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the relevant Fund or its limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and a Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Concentration of Investments; Lack of Diversification.* Each Fund will participate in a limited number of investments and reserves the right to make several investments in one industry or one industry segment or within a short period of time. Accordingly, a Fund's investments may be subject to more rapid change in value than would be the case if such Fund were required to maintain a wide diversification among types of securities, geographical areas, issuers and/or industries. Any such non-diversification will increase the risk of loss to a Fund if there were to be a decline in the market value of any security or sector in which a Fund had invested a large percentage of its assets. Investment in a non-diversified fund will generally entail greater risks than investments in a diversified fund.

A Fund is permitted to generally invest up to a certain percentage of its aggregate capital in the securities of any single portfolio company (including its direct or indirect majority-owned subsidiaries), plus an additional percentage of its aggregate capital as a bridge financing, together with any guarantees and other credit support provided by a Fund, and will likely participate in a limited number of overall investments. To the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified. If a Fund

co-invests with another private equity fund, a limited partner invested in such other fund may have exposure to a single portfolio company through more than one fund, potentially multiplying such limited partner's losses. A Fund is permitted to provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of such Fund. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the investment limitations set forth in the Governing Documents.

Given the experience of Nautic in certain core industries and the structural requirements of operating a Fund, a Fund reserves the right to make investments in a single industry segment, in a limited geographic area, in a single asset type and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of a Fund's investments, may substantially affect such Fund's aggregate return. In addition to the foregoing, because a Fund is expected to only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could severely affect total returns. If certain investments perform unfavorably, then in order for a Fund to achieve above-average returns, one or a few of its investments must perform very well, and there can be no assurances that this will be the case.

*Competition; Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. There can be no assurance that the relevant General Partner will be able to identify sufficient attractive investment opportunities to enable the full amount of capital committed to a Fund to be invested. Each Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations (including registered investment companies, private credit funds, mezzanine funds and hedge funds), business development companies, banks, other lenders and other sources of funding (including public debt markets), strategic industry acquirers, companies, governments, private equity market participants, a broad spectrum of lenders and sources of capital having similar investment objectives, individuals, financial institutions and other investors, investing directly or through affiliates. Some competitors may be willing to provide capital to portfolio companies on better terms than a Fund and may have substantially greater financial resources and be more well known. Increased competition for, or a diminution in the available supply of, qualifying investments could result in lower yields on such investments, which could reduce returns to limited partners. Competitors may also conduct less diligence, demand less collateral, or seek fewer covenants on operations of the underlying business. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of these competitors are expected to have more relevant experience, greater financial resources, a greater willingness to take on risk and/or more personnel than the relevant General Partner, a Fund and their respective affiliates.

In this highly competitive environment, the valuations of many potential target companies have recently risen to historically high levels as measured by multiples of EBITDA, which can impact pricing for a Fund's target investments. Nautic expects that competition for appropriate investment opportunities could potentially increase, which could also require a Fund to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms upon which portfolio investments can be made. Competition could cause a Fund to accept economic or structural features in its investments that the Fund would not have otherwise accepted and it could cause a Fund to search for investments in markets outside of Nautic's traditional investment expertise.

To the extent that a Fund encounters significant competition for investments, returns to limited partners may decrease. In addition, it is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), limited partners will be required to bear Management Fees through a Fund during the applicable investment period based on the entire amount of the limited partner's commitment and other expenses as set forth in the Governing Documents.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund primarily through making private equity investments as described herein, the relevant General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process and investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. A General Partner is permitted to pursue investments outside of the industries and sectors in which Nautic has previously made investments or has internal operational experience.

*General Risks of Investments in Healthcare Companies.* While investments in healthcare companies offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total loss. Healthcare companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Companies in which a Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or an economic downturn. A Fund's portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position and/or to expand or develop management resources.

*Healthcare Reform.* Healthcare reform continues to be a significant factor in the profitability of companies in which the Funds have invested or expect to invest. The efforts to reform the healthcare delivery system in the United States and Europe have resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the companies in which a Fund invests.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which a Fund intends to invest, including various segments of the healthcare industry, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private insurance) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including, in particular, the healthcare industry, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest. Recent legislative changes, including the passage of the U.S. Patient Protection and Affordable Care Act, have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced at the U.S. federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry and/or on companies in which a Fund invests.

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

*Healthcare Research and Innovation.* The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which a Fund invests.

*Patents.* Certain healthcare and healthcare-related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies could market substantially similar “generic” products that are typically sold at a lower price than the patented product, causing the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. As a result, the expiration of patents could adversely affect the profitability of these companies.

*Product Liability.* The testing, manufacturing, marketing and sale of many of the products and technologies developed by healthcare companies inherently expose these companies to potential product liability risks. Many healthcare companies obtain limited product liability insurance and, furthermore, there can be no assurance that a health care company will be able to maintain its product liability insurance on reasonable terms or that any product liability insurance obtained will provide adequate coverage against potential liabilities.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment and limited partners must be willing to bear the economic risk of an investment in a Fund for an indefinite period of time. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. A Fund's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by a Fund. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that could interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, a Fund generally will not be able to return capital or realize gains, if any, on an investment in a privately-held entity until the partial or complete disposition of such entity. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable to the General Partner of such Fund) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded capital commitments. There can be no assurance that distributions will be made due to various factors, including, but not limited to, incurrence of expenses and liabilities, including extraordinary expenses and liabilities, in excess of investment income or other income, potential non-performance or write-downs of Fund investments, changes in the market for debt obligations or reinvestment.

*Leveraged Investments; Borrowing.* A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis and including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and



magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to the assets of such portfolio company in an insolvency event or proceeding. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, a Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from such portfolio company which would adversely affect such Fund's ability to generate attractive returns for such Fund as a whole. Any failure by lenders to provide previously committed financing could also expose a Fund to potential claims by sellers of businesses which such Fund may have been contracted to purchase. Moreover, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may exceed, or otherwise may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings (other than borrowings pursuant to a credit facility secured by an interest in any or all of the assets of the Fund, including the Fund's investments and distributions and other income receivable by the Fund in respect thereof (each, a "**NAV Facility**")) generally will be subject to limitations set forth in the Governing Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Fund is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Nautic or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and, in connection with incurring such indebtedness, the relevant General Partner reserves the right, in its sole discretion, to cause a Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund. The inability of a Fund to repay

any leverage secured by the commitments of such Fund's investors could enable a lender to issue a capital call on behalf of the relevant General Partner. Furthermore, the incurrence of leverage by a Fund or a flow-through entity for U.S. federal income tax purposes owned by such Fund may cause tax-exempt partners to recognize UBTI.

To the extent a Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of such Fund. As a result, such Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

The use of leverage involves a high degree of financial risk. The extent to which a Fund or a portfolio company uses leverage may have important consequences to investors, including the following: (i) greater fluctuations in the net assets of a Fund, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes, (iii) to the extent that Fund revenues are required to meet principal payments, investors may be allocated income (and therefore incur tax liability) in excess of cash available for distribution, (iv) in certain circumstances a Fund may be required to prematurely harvest investments to service debt obligations, (v) limitations on the flexibility of a Fund to make distributions to investors or sell assets that are pledged to secure the indebtedness and (vi) increased interest expense if interest rate levels were to increase significantly. There can also be no assurance that a Fund will have sufficient cash flow to meet its debt service obligations. As a result, a Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

*Use of a Credit Facility; Subscription Lines.* A Fund generally is permitted to borrow funds pursuant to a revolving credit facility or other debt facility to finance its operations (including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners), including a facility based on the aggregate capital commitments available to be called. A Fund's use of such facilities will be determined by the relevant General Partner, and the performance of such Fund may be impacted by how the relevant General Partner causes such Fund to utilize such facilities. Although the use of such a facility may increase a Fund's ability to swiftly invest capital, it also will cause a Fund to incur interest expense and other costs and subject limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the applicable Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against such Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing

facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than a Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases such Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund or result in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the relevant General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses (including origination fees), co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

Additionally, there can be no assurance that a Fund will be able to obtain indebtedness or that such indebtedness will be on terms favorable to a Fund and/or terms comparable to terms obtained by competitors, including with respect to interest rates. Moreover, market conditions or other factors may cause or permit the amount of leverage employed by a Fund to fluctuate over its life. If a Fund is unable to obtain indebtedness, such Fund may determine not to make certain investments. This may affect the ability of a Fund to make investments, could adversely affect the returns of such Fund and may impair the Fund's ability to achieve its investment objectives.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in such Fund or impose concentration or other limits on a Fund's investments, and/or financial or other covenants, that could affect the implementation of a Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other

documentation from limited partners to share with lenders. Such General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the relevant General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. To the extent provided in a Fund's Governing Documents, any such borrowing is permitted to remain outstanding for such time as the relevant General Partner deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of such Fund. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Nautic for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when the relevant General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

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

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for a substantial number of each Fund's investments and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind by a Fund to its partners and it may be difficult to liquidate the securities received at a price or within a time

period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to the relevant General Partner with respect to such investment.

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

*Distributions in Kind.* Although, under normal circumstances, prior to the termination of a Fund, a Fund intends to make distributions in cash or marketable securities, it is possible that under certain circumstances (including the winding-up of a Fund), distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in-kind. It may be difficult for limited partners to liquidate the investments received at a price or within a time period that is determined thereby to be ideal, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Limited partners in receipt of a distributed investment will have no guidance from a Fund or the relevant General Partner with respect to the disposition of such investment (including timing of such disposition). The price at which such investments may be sold by such limited partners may be lower than the value of such investments determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest accruing to the relevant General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of a Fund, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of a Fund, will be vested with the General Partner of such Fund. Consequently, such Fund's future profitability and investment performance will depend largely upon the business and investment acumen of Nautic. The loss or reduction of service of one or more of the principals of Nautic could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management, business or affairs of a Fund, or to make any decisions with respect to investments made by a Fund, and as a result, the investment performance of a Fund will depend on the actions of the General Partner of such Fund. In addition, certain changes in a General Partner or circumstances relating to a General Partner may have an adverse effect on the applicable Fund and its ability to realize investment objectives or identify investment opportunities, or one or more of its portfolio companies including potential acceleration of debt facilities.

Although each General Partner will monitor the performance of investments made by its applicable Fund, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with each Fund's objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams, notwithstanding general unemployment levels or developments within a particular industry. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company is held by a Fund. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, a Fund may be adversely affected thereby.

*Start-Up Investments.* The relevant General Partner reserves the right to recruit and partner with one or more executives to seek out acquisition targets and lead new portfolio companies. In such circumstances, the relevant General Partner, an affiliate thereof and/or a Fund is permitted to commit start-up capital to fund such management team's overhead expenses for a period of time ("**Start-Up Funding**"), typically until the portfolio company completes its first material acquisition. In the case that the relevant General Partner or an affiliate thereof funds such Start-Up Funding, it will seek reimbursement from a Fund, typically at or around the time that such portfolio company completes its first material acquisition. There can be no assurance that the relevant General Partner and/or a Fund will recoup such Start-Up Funding in part or in whole. The relevant General Partner, an affiliate thereof and/or a Fund reserve the right to enter into independent consulting arrangements with potential management teams, which may or may not lead to partnerships with the relevant General Partner, an affiliate thereof and/or a Fund, and such Fund will bear the costs associated with such consulting arrangements.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized

or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments. Furthermore, such uncertainty, including the uncertainty stemming from the contagion of infectious viruses or diseases, or general economic downturn may have an adverse effect upon a Fund's portfolio companies.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a “**Distress Event**”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Nautic, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Nautic to manage the Funds and their investments, and on the ability of Nautic, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Nautic or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Nautic will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to

economic terms, service levels, access to capital or otherwise). There can be no assurance that Nautic will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that Nautic and/or the relevant Fund 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 Nautic seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Nautic is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

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

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



administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*Uncertainty of Projections.* The Funds expect to use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Nautic in its discretion. In all cases, projections are inherently subject to uncertainty and factors beyond the control of the relevant General Partner and are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. 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. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

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

*Public Company Holdings.* Subject to any limitation in the relevant Governing Documents, a Fund generally is permitted to make investments in public companies. In addition, a Fund may hold public company investments as a result of a sale of all or a part of such Fund's investment in a portfolio company, such as when a portfolio company goes public or is sold to a public company for stock. As a result, a Fund's investment portfolio generally is permitted to contain securities and debt issued by publicly held companies. Such investments subject such Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals of Nautic, and increased costs associated with each of the aforementioned risks.

*Non-U.S. Investments.* The Funds generally are permitted to invest in portfolio companies that are organized, headquartered or have substantial sales or operations outside of the United States, its territories and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, including

risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. Dollar and the various non-U.S. currencies in which a Fund's non-U.S. investments are denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which a Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) potential unsettled points of applicable governing law and the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for a Fund and/or the partners; (x) differing and potentially less well-developed, well-tested and/or more restrictive laws, regulations and regulatory institutions and judicial system; (xi) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

*Dilution.* Limited partners admitted or that increase their respective capital commitments to a Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing limited partners in such investments. Although any such new limited partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions. Dilution risk applies to limited partners as well as any parallel funds and co-investors. The risk of dilution increases as a Fund's subscription period increases and/or the amount of time an investment is held by such Fund before co-investors' investments. The Governing Documents generally provide the purchase price borne by subsequent limited partners, which includes subscriptions by limited partners to parallel funds, will be the original purchase price plus accrued interest, subject to the relevant General Partner's ability to utilize an equitable adjustment for such subsequent investors. For the avoidance of doubt, equitable adjustments are not expected to occur, except in limited circumstances to account for consummated exits from investments prior to such rebalancing, including full realizations, partial realizations, dividend recapitalizations or similar events. This dilution risk will result in potential conflicts of interest between the relevant General Partner and limited partners, including, but not limited to, unrealized investments that have appreciated in value and a General Partner's interests to increase a Fund's size and resulting management fees and additional carried interest potential.

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

companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2007-2008 downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, recently enacted U.S. federal income tax legislation treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of individuals associated with the Funds or Nautic who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for Nautic and its affiliates to incentivize, attract and retain individuals to perform services for the Fund. This could also create an incentive for Nautic to cause a Fund to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

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

*Material, Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of Nautic and its affiliates, as well as in connection with officerships or directorships of Nautic personnel, Nautic frequently comes into possession of confidential or material, non-public information. Therefore, Nautic and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Nautic's internal policies and practices. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

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

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

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

*CFIUS and National Security Clearance Considerations.* Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in

the United States (“CFIUS”), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund’s performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners’ ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow a Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

*Hedging Arrangements; Related Regulations.* A General Partner is authorized (but not obligated) to endeavor to manage the relevant Fund’s or any portfolio company’s currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund is permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter (“OTC”) contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty’s inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the “CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Unfunded Pension Liabilities of Portfolio Companies.* Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although each General Partner intends to manage the Funds’ investments to minimize any such exposure, a Fund is permitted to invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund owns an 80% or greater interest in such a portfolio company. If such

Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by a Fund. When estimating fair value, the relevant General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. Such valuations are subject to the relevant General Partner's discretion and may change without notice to investors. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by a General Partner is expected to give rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Nautic or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Nautic, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Nautic's, the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Nautic or one of its service providers holding its financial or investor data, Nautic, its affiliates or

the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Nautic’s policies and practices.

*Privacy, Data Protection and Information Security Compliance Risk.* The General Partners, the Funds, their portfolio companies, and/or each of their respective affiliates, are subject to certain consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, “**Privacy Laws**”). Compliance with the applicable Privacy Laws may require adhering to stringent legal and operational obligations and therefore the dedication of substantial time and financial resources which may increase over time.

Failure to comply with the applicable Privacy Laws may lead to fines, other enforcement actions or reputational damage. For example, failure to comply with the General Data Protection Regulation (EU) 2016/679 (the “**GDPR**”) or the UK implementation of the GDPR, could (in the worst case) attract regulatory penalties up to the greater of: (i) €20 million/£17.5 million (as applicable); and (ii) 4% of an entire group’s total annual worldwide turnover, as well as the possibility of other enforcement actions (such as suspension of processing activities and audits), and liabilities from third-party claims.

The operations of the General Partners, the Funds, their portfolio companies and/or each of their affiliates, including in the U.S. will be impacted by a growing movement to adopt comprehensive privacy and data protection laws similar to the GDPR, where such laws focus on privacy as an individual right in general. For example, the State of California passed the California Consumer Privacy Act of 2018, as amended (the “**CCPA**”), which took effect on January 1, 2020. The CCPA generally applies to businesses that collect personal information about California consumers and meet certain thresholds with respect to revenue or buying and/or selling consumers’ personal information. The CCPA imposes stringent legal and operational obligations on such businesses as well as certain affiliated entities that share common branding. The CCPA is enforceable by the California Attorney General. Additionally, if unauthorized access, theft or disclosure of a consumer’s personal information occurs, and the business did not maintain reasonable security practices, consumers could file a civil action (including a class action) without having to prove actual damages. Statutory damages range from \$100 to \$750 per consumer per incident, or actual damages, whichever is greater. The California Attorney General may also impose civil penalties ranging from \$2,500 to \$7,500 per violation. Further, California passed the California Privacy Rights Act of 2020 (the “**CPRA**”) to amend and extend the protections of the CCPA. Under the CPRA, which became effective on January 1, 2023, California established a new state agency focused on the enforcement of its privacy laws, likely leading to greater levels of enforcement and greater costs related to compliance with the CCPA and CPRA.

Other jurisdictions, including other states in the United States, have either passed, proposed, adopted or are considering similar laws and regulations to the CCPA, CPRA and GDPR, which could impose similarly significant costs, potential liabilities and operational and legal obligations. Such laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability on regulated entities.

*United Kingdom (“UK”) Exit from the European Union (the “EU”).* The UK formally left the EU on January 31, 2020 (“**Brexit**”). After a transition period that ended on December 31, 2020,

EU rules ceased to apply in the UK. Although the terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement. However, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions).

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Nautic and the Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

*Environmental, Social and Governance (“ESG”) Matters.* Nautic has an ESG policy (“**ESG Policy**”), which it and the General Partners intend to apply as applicable to a Fund's investment portfolio, consistent with and subject to their fiduciary or other duties and applicable legal, regulatory or contractual requirements. Depending on the investment, ESG factors could have a material effect on the return and risk profile of the investment.

The act of selecting and evaluating material ESG factors is subjective by nature, Nautic may be subject to competing demands from different investors and other stakeholder groups with divergent views on ESG matters, including the role of ESG factors in the investment process, and there is no guarantee that the criteria utilized or judgment exercised by the General Partner or a third-party ESG advisor will reflect the beliefs or values, internal policies or preferred practices of any particular Limited Partner or other asset managers or reflect market trends. Although Nautic views the consideration of ESG to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Nautic cannot guarantee that its ESG program,



which depends in part on qualitative judgments, will positively impact the performance of any individual investment or the Fund as a whole. Similarly, to the extent Nautic or a third-party ESG advisor engages with portfolio investments on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the performance of the investment. Successful engagement efforts on the part of the General Partner or a third-party ESG advisor will depend on the General Partner's or any relevant third-party advisor's ability to engage with the relevant investment and skill in properly identifying and analyzing material ESG and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful.

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

In addition, Nautic's ESG Policy and associated procedures and practices are expected to change over time. Nautic is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for the relevant General Partner to adhere to all elements of a Fund's investment strategy, including with respect to ESG risk and opportunity management, whether with respect to one or more individual investments or to a Fund's portfolio generally. ESG-related statements, initiatives and goals as described in the Governing Documents with respect to a Fund's investment strategy, portfolio, and investments are aspirational and not guarantees or promises that all or any such initiatives and goals will be achieved other than as set out in any applicable regulatory disclosures, including those made pursuant to Regulation (EU) 2019/2088.

Further, ESG integration and responsible investing practices as a whole are evolving rapidly and there are different principles, frameworks, methodologies and tracking tools being implemented by asset managers, and Nautic's adoption of and adherence to such principles, frameworks, methodologies and tools may vary over time. For example, Nautic's ESG Policy does not represent a universally recognized standard for assessing ESG considerations. Any ESG-related initiatives to which Nautic is or becomes a signatory, member, or supporter may not align with the approach used by other asset managers (or preferred by prospective investors) or with future market trends. There is no guarantee that Nautic will remain a signatory, supporter or member of such initiatives or other similar industry frameworks.

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

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect a Fund's ability to fulfill its investment objectives.

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

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

include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

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

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Nautic or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Nautic or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, Nautic, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent Nautic requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Nautic in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Nautic reserves the right to compel

co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Nautic will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual limited partner or group of limited partners. However, Nautic reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Nautic is permitted to seek the consent of the relevant Fund advisory committee to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs. Nautic is permitted to seek the consent of the relevant Fund advisory committee(s) to waive conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

*Social Media and Publicity Risk.* The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding Nautic, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

*Antitrust Issues.* Portfolio companies will be subject to the antitrust and competition rules that apply in those countries, states or regions in which they do business. Failure to comply with those rules could expose the infringing company to sanctions or penalties, including fines and civil damage actions. In some situations, private equity sponsors could be held jointly and severally liable for any sanctions or penalties imposed on a current or previously owned portfolio company for breach of the applicable antitrust rules. In the past, there have been governmental investigations and lawsuits over whether certain club deals or consortium bids constituted an illegal attempt to collude and drive down the prices of acquisitions. Consortium bids are deals in which two or more unaffiliated entities either provide equity financing or divide the target business being acquired. These transactions can range in size from the large private equity club deals in which the target remains intact to much smaller deals in which a target is broken up and sold to multiple strategic buyers. Private equity firms that engage in potentially anti-competitive practices in an otherwise permissible and lawful club deal could be liable for monetary damages to former shareholders of target companies and could be subject to U.S. Department of Justice (the “**DOJ**”) investigation and civil and criminal prosecution resulting in fines. The Antitrust Division of the DOJ has previously issued information requests relating to private equity transactions among multiple fund sponsors, and in 2014 several fund sponsors settled claims that they had conspired to not bid against each other on eight large “take-private” buyouts that occurred prior to the 2008 global financial crisis. There can be no assurance that the Fund will not be subject to third-party

litigation and/or investigations involving consortium bids. There can be no assurance that the Funds, the General Partners, Nautic or their respective affiliates will not be subject to third-party litigation and/or investigations involving consortium bids. Moreover, because it is expected that professionals of Nautic will serve as directors of certain of the portfolio companies, such director positions could increase the risk that a Fund and such portfolio companies become subject to enforcement actions for violation of Section 8 of the Clayton Act prohibiting interlocking directorates. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the General Partners, Nautic, the markets in which they trade and invest or the counterparties with whom they do business may be instituted in the future.

## **Conflicts of Interest**

Nautic and its related entities engage in a broad range of advisory and non-advisory activities. Nautic will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Nautic conducting its activities, the interests of a Fund likely will conflict with the interests of Nautic, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Nautic will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the investment period of the current active Fund, Nautic will pursue all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions set forth in the Governing Documents and Nautic's allocation policies. Without limitation, Nautic currently manages, and expects in the future to manage, several other investment funds and investments similar to those in which the current active Fund will be investing, and expects to direct certain relevant investment opportunities or resources to those investment funds and investments. Nautic personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. Nautic's investment staff will continue to manage and monitor such investment funds and investments until their realization. Nautic's significant investment in the Funds, as well as Nautic's receipt of carried interest, where applicable, operate to align, to some extent, the interest of Nautic with the interest of the partners, although Nautic currently has and expects in the future to have economic interests in such other investment funds and investments, as well, including Management Fees and carried interest relating to such other investment funds and investments. Following the investment period of a particular Fund, Nautic reserves the right to, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments. Such other investments that Nautic expects to control or manage generally have the potential to compete with companies acquired by a Fund. To the extent an investment opportunity is received that is unsuitable for a Fund, in Nautic's sole discretion, Nautic and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Nautic personnel are permitted to serve on boards or act in other roles unaffiliated with Nautic, the Funds

or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

In rare instances (e.g., when Nautic is advising two Funds that are actively investing at the same time, typically at the end of one Fund's investment period and the beginning of another Fund's investment period), Nautic expects to be presented with certain investment opportunities that would be suitable for more than one of the Funds and other investment vehicles operated by Nautic. In determining which investment vehicles should participate in such investment opportunities, Nautic and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, Nautic is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of Nautic in a portfolio company also have the potential to raise the risk of using assets of a client of Nautic to support positions taken by other clients of Nautic.

Nautic must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Nautic generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, investment objectives, strategies, life-cycle and structure, as well as factors including, but not limited to: a Fund's investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits, investor sophistication, investment timing, investment sourcing and other relevant factors, including risk. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of Nautic in the manner set forth in the Governing Documents and Nautic's investment allocation policy. Nautic will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with Nautic's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue, strategic business considerations, or other characteristics.

Following such determination of allocation among Funds, Nautic reserves the right to offer co-investment opportunities to one or more potential co-investors, including Operating Advisors, vendors, service providers and/or other third parties, as determined by the Governing Documents, side letter arrangements and Nautic's procedures regarding allocation. Nautic's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expertise of the prospective co-investor in the geographic location, market or industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory and/or securities law considerations (e.g., qualified purchaser or qualified institutional buyer status); and other appropriate factors. Although Nautic reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by Nautic in identifying co-investors. Nautic reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Nautic expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the “most-favored nation” provisions of a Fund’s Governing Documents and (iii) co-investors’ proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund’s Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner’s interest in limiting the Fund’s exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that personnel and related persons of Nautic and its affiliates make capital investments in or alongside certain Funds, Nautic and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund’s return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Nautic’s allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Nautic will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund’s actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Nautic expects to be subject, discussed herein, did not exist.

In certain cases, Nautic will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Nautic will use its discretion to select such transferees based on suitability and other factors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, be able to invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Investments by more than one client of Nautic in a portfolio company also have the potential to raise the risk of using assets of one client of Nautic to support positions taken by other clients. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Nautic and its affiliates reserve the right to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, Nautic will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Nautic expects to be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles receiving the benefit of such expenses (in the relevant General Partner's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by Nautic or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Nautic. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

The Funds generally intend to make controlling investments in portfolio companies. As a result of the Funds' controlling interests in portfolio companies, Nautic and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Nautic personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio company board members frequently approve compensation and/or other amounts payable to Nautic and/or its affiliates. Unless such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to Nautic.



Additionally, a portfolio company typically will reimburse Nautic or service providers retained at Nautic's discretion for expenses (including, without limitation, travel expenses) incurred by Nautic or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Nautic personnel. This subjects Nautic and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Nautic determines the amount of these reimbursements for such services in its own discretion, subject to the Governing Documents and Nautic's internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Nautic or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, Nautic, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Nautic's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Nautic 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, "**Nautic Information**"). In many cases, Nautic Information will include tools, procedures and resources developed by Nautic to organize or systematize Nautic Information for ongoing or future use. Although Nautic expects its Funds and their portfolio companies generally to benefit from Nautic's possession of Nautic Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Nautic and its personnel) and not by the Fund or portfolio company from which Nautic Information was originally received.

Nautic Information will be the sole intellectual property of Nautic and solely for the use of Nautic. Nautic reserves the right to use, share, license, sell or monetize Nautic Information, without offsetting or otherwise reducing any Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset or otherwise reduce any Management Fees.

Nautic generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) Nautic or a related person of Nautic (which is permitted to include a portfolio company of such Fund); (ii) an entity with which Nautic or its affiliates or current or

former personnel has a relationship or from which Nautic or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Nautic personnel are seconded, or from which Nautic receives secondees; or (iii) certain limited partners or their affiliates. For example, Nautic expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in a lending or related business. This discretion subjects Nautic to conflicts of interest, because although Nautic intends to select service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Nautic has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Nautic, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Nautic), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Nautic will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Nautic generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, Nautic expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to Nautic or any Fund to provide services that will be the most beneficial to any limited partner.

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

Nautic reserves the right to cause a Fund to enter into a transaction whereby the Fund (i) purchases securities from, or sells securities to, other Funds managed by Nautic, or co-investors or co-investment vehicles or (ii) co-invests alongside such other Funds or co-investors. Such transactions have the potential to arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by

one Fund is acquired by a portfolio company acquired by another Fund. In some cases a portfolio company of one Fund will be merged with or into a portfolio company owned by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Fund supports the value of portfolio companies owned by another Fund or (ii) the transaction allows Nautic or its affiliates to realize carried interest or receive future management fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Nautic intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances Nautic generally will not seek a fairness opinion or advisory committee consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Governing Documents.

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

Nautic and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other investment vehicles advised by Nautic and/or its affiliates; conversely, former personnel or executives of Nautic and/or its affiliates are expected to serve in significant management roles at portfolio companies or service providers recommended by Nautic. Similarly, Nautic, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, former personnel and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities may invest (or may be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Nautic and/or its affiliates, and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to

personal investments in or through Nautic entities, whether or not relating to financing Nautic personnel obligations to fund General Partner commitment obligations) to Nautic personnel and their estate planning vehicles. Nautic expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Nautic information about markets and industries in which Nautic operates (or is contemplating operations) or will provide other services that are beneficial to Nautic. Nautic expects to be subject to a potential conflict of interest in making such recommendations, in that Nautic has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio company.

In certain circumstances, former Nautic personnel are expected to serve in interim or part-time roles at a portfolio company, or provide services to a portfolio company as a secondee or in similar capacities. Under such arrangements, Nautic and/or the relevant portfolio company is authorized to pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships (including compensation, benefits and other incentives or opportunities (including investment opportunities)) will not result in additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold.

Nautic, its affiliates, and equity holders, officers, principals and personnel of Nautic and its affiliates reserve the right to buy or sell securities or other instruments that Nautic has recommended to a Fund. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Nautic's Code of Ethics and Securities Trading Policy and Procedures. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of Nautic have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore expects to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, a General Partner and its beneficial owners may intend to hold the investment for a different time period than Nautic deems suitable for the relevant Fund. Although a General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the relevant Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to a General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount

of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the relevant Fund or its limited partners.

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

In addition, as described above, and as more fully described in the Governing Documents of certain Funds, portfolio companies typically pay certain fees to Operating Advisors (including consultants introduced or arranged by Nautic and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Such Operating Advisors are expected to also receive compensation from Nautic as independent consultants. Operating Advisors are expected to include former employees of Nautic or certain portfolio companies, and in some circumstances, Nautic is permitted to hire former Operating Advisors as Nautic employees or employees of portfolio companies. Consequently, the determination of whether individuals are Operating Advisors is expected to vary and/or be revisited, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Nautic otherwise would be required to bear. To the extent that Operating Advisors are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Operating Advisor's services at a time when fewer portfolio companies or Funds make use of such Operating Advisor. Under many of these arrangements, including where Operating Advisors are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount of tangible work product generated by the Operating Advisor. In certain cases, including where a Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of Operating Advisors. In such cases, where the relevant General Partner believes the services of the Operating Advisors will benefit a portfolio company, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from Operating Advisor services. Although the use of Operating Advisors and the allocation of compensation paid to them by Nautic, its affiliates and/or the portfolio companies subjects Nautic and/or its affiliates to potential conflicts of interest, Nautic believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Operating Advisor(s) is lower than market rates for the services provided and/or if the services of the Operating Advisor(s) align with Nautic's model for the portfolio company and improve portfolio

company performance. Additionally, portfolio companies are expected to provide opportunities for Operating Advisors to invest in such portfolio companies and reimburse costs and expenses incurred by Operating Advisors. Operating Advisors also are expected to receive remuneration from Nautic and/or the Funds or their respective affiliates and/or be entitled to other forms of compensation, including equity, a profits interest, options and warrants in portfolio companies. Such investment opportunities, reimbursement and other compensation paid to an Operating Advisor will not offset or otherwise reduce any Management Fee. Operating Advisors are permitted to have a limited partnership or profits interests in one or more Funds, General Partners and/or one or more other vehicles sponsored or managed by Nautic. Although Nautic seeks to retain Operating Advisors with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Nautic also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Nautic believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Operating Advisors and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Because Nautic's carried interest is based on a percentage of net realized profits, it creates an incentive for Nautic to cause a Fund to make riskier or more speculative investments (or hold investments for longer periods) than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund generally can only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Nautic might not otherwise have done so.

The Governing Documents provide the General Partners with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect the General Partners' compensation. In making such determinations, the General Partners are subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the General Partners or their affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. The General Partners expect to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case if such investments had not been made or held (or if such determination had not been made), including because of the possibility that the investments' values will appreciate in the future.

Where the Management Fee is calculated taking into account the valuation of an investment, including a determination of whether an investment has become an Impaired Value Investment, the General Partners will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations,

restructurings, roll-over investments, extraordinary dividends or similar transactions, the General Partners are incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

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

Additionally, Operating Advisors and others designated by Nautic expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied (typically based on the then-present value of such securities), such recipients will be permitted to retain such securities as supplemental fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Nautic or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting the relevant Fund's relative ownership of the portfolio company awarding such compensation.

Nautic reserves the right to enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited, to different fee structures or arrangements (including discounted or rebated compensation

terms, modified waterfall mechanics and/or receipt of a portion of Nautic's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on a Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic, procedural and other terms, some of which generally will not be subject to the "most favored nation" provisions of a Fund's Governing Documents.

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

As a consequence of one or more limited partners being excused or excluded from, or for regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Nautic believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.



The General Partners serve as investment manager to various co-investment vehicles, including the Kennedy Plaza Funds and the Associates Fund, which invest alongside the Funds in portfolio companies (the “**Co-Invest Funds**”). The Kennedy Plaza Funds and the Associates Fund, in which friends and family of Nautic personnel invest, do not pay a management fee or carried interest and invest side-by-side with the applicable Funds. Nautic reserves the right to form other Co-Invest Funds, in which third parties invest (the “**External Co-Invest Funds**”), that pay a management fee and/or carried interest and bear certain Co-Invest Fund partnership expenses (e.g., the pro rata legal and other expenses associated with a portfolio company investment, audit expenses, etc.), including CarepathRx Co-Invest and IRC Superman Aggregator. Neither CarepathRx Co-Invest nor IRC Superman Aggregator pays a management fee, but were formed to invest side-by-side with certain Funds in a particular portfolio company, as set forth in the Governing Documents. In addition, CarePathRx Co-Invest pays carried interest and IRC Superman Aggregator does not pay carried interest. Nautic will select which investors are permitted to invest in the External Co-Invest Funds. In addition, Nautic will select which investors are permitted to co-invest directly in a portfolio company based on various factors, which are expected to include the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis and for strategic or other reasons as more fully described in the Governing Documents. Nautic is not obligated to make co-investment opportunities available to any particular investors or limited partners.

In addition, Nautic has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Nautic has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, Nautic will not interpret such provisions to constitute a waiver of any person’s non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by Nautic are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Nautic’s insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects Nautic and/or its affiliates to potential conflicts of interest. Nautic attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Nautic’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Nautic will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Nautic consults and

receives consent to conflicts from an advisory board consisting of limited partners of each applicable Fund and, if applicable, the similar body of such other applicable investment vehicles.

### **DISCIPLINARY INFORMATION**

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

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

As described under “Advisory Business” above, Nautic Partners is affiliated with other Nautic Partners investment advisers, including the following General Partners and equivalent entities formed and subject to the Advisers Act pursuant to Nautic Partners’ registration in accordance with SEC guidance:

- Nautic Management V, L.P. (general partner of Fund V and manager of Kennedy Plaza Partners III, LLC)
- Nautic Management VI, L.P. (manager of Kennedy Plaza Partners VI, L.P., and general partner of Nautic Partners VI, L.P. and Nautic Partners VI-A, L.P.)
- Nautic Capital VII, L.P. (general partner of Fund VII)
- Nautic Capital VIII, L.P. (general partner of Fund VIII)
- Nautic Capital IX, L.P. (general partner of Fund IX and CarepathRx Co-Invest and manager of IRC Superman Aggregator)
- Nautic Capital X, L.P. (general partner of Fund X)
- Nautic Capital (ESS), L.P. (general partner of ESS CV)
- Silverado V Corp. (general partner of Fleet Equity Partners VII, L.P.)
- Nautic Management, LLC (general partner of Kennedy Plaza Partners VI, L.P.)

These affiliated investment advisers operate as a single advisory business together with Nautic Partners and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, personnel, consultants or persons occupying similar positions.

A third-party institutional investor indirectly owns a passive minority interest in Nautic Partners. Such investor does not have authority over the day-to-day operations or investment decisions of Nautic Partners, but does have customary minority protection rights. Nautic Partners intends to maintain operations, strategy and investment decisions separate from such investor. However, Nautic Partners generally will have incentives to conduct operations in a manner that benefits such investor, and such investor is expected to provide various consulting services to

Nautic Partners and its portfolio companies, including business development, talent management and operational and business best practices consultation.

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

Nautic has adopted the Nautic Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of Nautic principals and personnel and addresses conflicts that arise from personal trading. The Code requires certain Nautic personnel and Operating Advisors to:

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

A copy of the Code will be provided to any investor or prospective investor upon request to Charles R. Bartolini, the Chief Compliance Officer, at (401) 278-6770. Personal securities transactions by Nautic personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Nautic and its affiliated persons may come into possession of material non-public or other confidential information about companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Nautic and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Nautic.

Accordingly, should Nautic or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any company, Nautic generally would be prohibited from communicating such information to clients, and Nautic will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Nautic personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and personnel of Nautic and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of Nautic, as well as third-party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company’s structure. Additionally, a Fund is expected to invest together with other private investment funds advised by an affiliated adviser of Nautic in the manner set forth in the Governing Documents. Nautic will allocate investment

opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and Nautic's investment allocation policy.

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

### **BROKERAGE PRACTICES**

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

If Nautic sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Nautic. In such event, Nautic will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Nautic reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

Nautic has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Nautic generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Nautic seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Nautic generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these brokers

would be used to service all of Nautic's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Nautic, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Nautic allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution.

Nautic does not anticipate engaging in significant public securities transactions; however, to the extent that Nautic engages in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Nautic also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. Nautic is permitted, but not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of Nautic is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible, provided Nautic believes they are fair and equitable to its clients under the circumstances over time.

## **REVIEW OF ACCOUNTS**

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

Other than with respect to the Kennedy Plaza Funds, the Fleet Legacy Funds and the Associates Fund, as specified in the Governing Documents, Nautic generally will provide to its limited partners (i) GAAP audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year and (iii) annual tax information necessary for each partner's U.S. tax return.

## CLIENT REFERRALS AND OTHER COMPENSATION

Nautic and/or its affiliates intend to provide certain transaction or professional consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation in certain circumstances will offset a portion of the Management Fees paid by a Fund. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees are in addition to Management Fees. Nautic or certain of its affiliates reserve the right to receive certain non-investment advisory fees in connection with the Funds' investments and portfolio companies. For example, Nautic or certain of its affiliates generally are entitled to receive (i) transaction or professional services fees from a portfolio company in connection with certain transactions ("**Professional Service Fees**") and (ii) certain monitoring or consulting fees from a portfolio company for services provided to the portfolio company. A certain percentage of such fees generally are offset against the Management Fee.

Nautic reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund's Form D. Any fees payable to any such placement agents generally will be borne by Nautic indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

## CUSTODY

Nautic generally expects that it will be deemed to have "custody" (within the meaning of Advisers Act Rule 206(4)-2 (the "**Custody Rule**")) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodians: Merrill Lynch, Delaware Trust Company and Silicon Valley Bank, a division of First Citizens Bank.

## INVESTMENT DISCRETION

Nautic has discretionary authority to manage investments on behalf of the Funds. As a general policy, Nautic does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Nautic has entered, and expects to enter, into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other agreed-upon reasons Nautic assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund.

## VOTING CLIENT SECURITIES

Nautic has adopted the Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Nautic votes proxies (or similar instruments) in the best interest of the

Funds, including where there may be material conflicts of interest in voting proxies. Nautic generally believes its interests are aligned with those of a Fund's investors, for example, through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Nautic may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board is authorized to approve Nautic's vote in a particular solicitation. Nautic does not consider service on portfolio company boards by Nautic personnel or Nautic's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Nautic when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Nautic's complete Proxy Policy or information regarding how Nautic voted proxies for particular portfolio companies may contact Charles R. Bartolini, the Chief Compliance Officer, at (401) 278-6770, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

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

**INVESTMENT ADVISER BROCHURE SUPPLEMENT  
PART 2B OF FORM ADV**

**NAUTIC PARTNERS, LLC**

**50 Kennedy Plaza, 12th Floor  
Providence, RI 02903  
<http://www.nautic.com/>**

**March 28, 2024**

**This brochure supplement provides information about Christopher Corey, Christopher Crosby, Scott Hilinski, Mark Perlberg, and Christopher Pierce. This information supplements the Nautic Partners, LLC brochure. If you have not received the brochure or have questions about this supplement, please contact us at (401) 278-6770.**



## **Christopher Corey (48)**

### *Educational Background and Business Experience*

Mr. Corey joined Nautic Partners in 2008. Prior to joining Nautic Partners, Mr. Corey was employed by the private equity group at J.H. Whitney & Co. Mr. Corey currently serves on the Investment and Executive Committees of Nautic Capital VIII, L.P., Nautic Capital IX, L.P., and Nautic Capital X, L.P. In addition, Mr. Corey currently serves on the Boards of Directors of CarepathRx Holding Company, LLC; EmpiRx Acquisition Holdings, LLC; Nautic Panther Holdings, LP; NLS Holdings LLC (LifeStreet Media); Summit Pharmacy Solutions, LLC; and TVG NP Homecare Sponsorco, LP. Mr. Corey received a BA from Assumption College and MBA from Columbia University.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Corey.

### *Other Business Activities*

Mr. Corey is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

### *Additional Compensation*

Mr. Corey does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a Managing Director of Nautic, Mr. Corey is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Corey, with respect to Nautic's compliance policies and procedures.

## **Christopher Crosby (53)**

### *Educational Background and Business Experience*

Mr. Crosby joined Nautic Partners in 2001. Prior to joining Nautic Partners, Mr. Crosby was a Principal at McCown De Leeuw & Co., and was employed at Indosuez Capital and Kidder Peabody & Co. Mr. Crosby currently serves on the Investment Committee of Nautic Capital VII, L.P. and the Investment and Executive Committees of Nautic Capital VIII, L.P., Nautic Capital IX, L.P., and Nautic Capital X, L.P. In addition, Mr. Crosby currently serves on the Boards of Directors of IHCS/CMS Holdings, LLC; Mikart Holdco, LLC; Nystrom Holding Company, LLC; Pyramid Healthcare Holding Company, LLC; Nautic Advantage HCS Holdings, LLC; and Nautic Angels Parent, LLC. Mr. Crosby received a BA from Boston College and an MBA from the Harvard Business School.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Crosby.

### *Other Business Activities*

Mr. Crosby is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

### *Additional Compensation*

Mr. Crosby does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a Managing Director of Nautic, Mr. Crosby is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Crosby, with respect to Nautic's compliance policies and procedures.

## **Scott Hilinski (55)**

### *Educational Background and Business Experience*

Mr. Hilinski joined Fleet Equity Partners, the predecessor to Nautic Partners, in 1995. Prior to joining Fleet Equity Partners, Mr. Hilinski was employed at TA Associates and had prior experience at Deloitte & Touche Management Consulting in the healthcare consulting area. Mr. Hilinski currently serves on the Investment and Executive Committees of Nautic Management VI, L.P., Nautic Capital VII, L.P., Nautic Capital VIII, L.P., Nautic Capital IX, L.P., and Nautic Capital X, L.P. In addition, Mr. Hilinski currently serves on the Boards of Directors of CarepathRx Holding Company, LLC; Exalt Health, LLC; IHCS/CMS Holdings, LLC; IRC Holdco, LLC; Summit Pharmacy Solutions, LLC; and Tarian Holdings, LLC. Mr. Hilinski received an AB from Harvard College.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Hilinski.

### *Other Business Activities*

Mr. Hilinski is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

### *Additional Compensation*

Mr. Hilinski does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a Managing Director of Nautic, Mr. Hilinski is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Hilinski, with respect to Nautic's compliance policies and procedures.

## **Mark Perlberg (67)**

### *Educational Background and Business Experience*

Mr. Perlberg joined Nautic Partners in 2020. Prior to joining Nautic Partners, Mr. Perlberg was employed by Oasis Outsourcing, Paychex, Inc., PRG-Schultz International, Inc., John H. Harland Company, and several other companies across the outsourced business services sector. Mr. Perlberg currently serves on the Investment Committees of Nautic Capital IX, L.P. and Nautic Capital X, L.P.; and on the Executive Committee of Nautic Capital X, L.P. Mr. Perlberg currently serves on the Boards of Directors of Advanced Threat Response Holdings, Inc.; AKAM Holding Company, LLC; Cross Country Healthcare, Inc. (NASDAQ: CCRN); HES Facilities Holdings, LLC; IT Solutions Holdings, LLC; Tarian Holdings, LLC; and VC3 Holding Company, LLC. Mr. Perlberg received a BA from the University of Rochester and a J.D. from the Boston College Law School.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Perlberg.

### *Other Business Activities*

Mr. Perlberg is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

### *Additional Compensation*

Mr. Perlberg does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a Managing Director of Nautic, Mr. Perlberg is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Perlberg, with respect to Nautic's compliance policies and procedures.

## **Christopher Pierce (46)**

### *Educational Background and Business Experience*

Mr. Pierce joined Nautic Partners in 2003. Prior to joining Nautic Partners, Mr. Pierce was employed by Greenhill Capital Partners and Salomon Smith Barney. Mr. Pierce currently serves on the Investment Committees of Nautic Capital VIII, L.P., Nautic Capital IX, L.P., and Nautic Capital X, L.P.; and on the Executive Committee of Nautic Capital X, L.P. Mr. Pierce currently serves on the Boards of Directors of Nautic SurfacePrep Holdings, LLC; LS Ultimate Holdings, LLC; Nautic AP Plastics Holdings, LLC; and Nautic Vallen Holdings, LLC. Mr. Pierce received a BA from Yale University and an MBA from the Stanford Business School.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Pierce.

### *Other Business Activities*

Mr. Pierce is not engaged in any investment-related business outside of his roles with Nautic and its affiliated investment advisers.

### *Additional Compensation*

Mr. Pierce does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As a Managing Director of Nautic, Mr. Pierce is part of a team that is responsible for leading the investment activities of Nautic. Charles Bartolini, the Chief Compliance Officer, supervises the activities of all Nautic personnel, including Mr. Pierce, with respect to Nautic's compliance policies and procedures.