

**ITEM 1. COVER PAGE**

**SFW CAPITAL PARTNERS, LP**

SEC Form ADV Part  
2A “Brochure”

*This Brochure provides information about the qualifications and business practices of SFW Capital Partners, LP, a registered investment adviser. If you have any questions about the contents of this Brochure, please contact Joe Testani by telephone at (914) 510-8910 or by email at [jtestani@sfwcap.com](mailto:jtestani@sfwcap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*While we refer to SFW Capital Partners, LP as a registered investment adviser, please be aware that registration does not imply a certain level or skill or training.*

*Additional information about SFW Capital Partners, LP is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). SFW Capital Partners, LP’s CRD number is: 160561.*

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase interests in any of SFW Capital Partners, LP’s investment funds and the disclosure contained herein shall not be relied on to determine whether an investor should purchase interests in any of the funds. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials (the “Governing Documents”). To the extent that there is any conflict between the disclosure contained in this Brochure and the Governing Documents provided to investors, the Governing Documents shall govern. Capitalized terms not defined herein shall have the meanings ascribed to them in the Governing Documents.

SFW Capital Partners, L.P.  
22 Elm Place  
Rye, NY 10580  
Tel: 914-510-8910  
Fax: 914-510-8911  
[www.sfwcap.com](http://www.sfwcap.com)

March 29, 2024

## ***ITEM 2. MATERIAL CHANGES***

SFW Capital Partners, LP (“SFW” or the “Adviser”) filed its most recent Firm Brochure (“Brochure”) on June 1, 2023. This annual amendment updates the description of certain of the business practices of the Adviser and its affiliates.

### ***ITEM 3. TABLE OF CONTENTS***

## **Contents**

ITEM 1. COVER PAGE.....	1
ITEM 2. MATERIAL CHANGES .....	2
ITEM 3. TABLE OF CONTENTS .....	3
ITEM 4. ADVISORY BUSINESS .....	4
ITEM 5. FEES AND COMPENSATION.....	7
ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	14
ITEM 7. TYPES OF CLIENTS .....	15
ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OFLOSS....	15
ITEM 9. DISCIPLINARY INFORMATION .....	36
ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	36
ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONALTRADING.....	36
ITEM 12. BROKERAGE PRACTICES .....	37
ITEM 13. REVIEW OF ACCOUNTS.....	38
ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION.....	38
ITEM 15. CUSTODY .....	39
ITEM 16. INVESTMENT DISCRETION.....	39
ITEM 17. VOTING CLIENT SECURITIES.....	39
ITEM 18. FINANCIAL INFORMATION .....	39

#### ***ITEM 4. ADVISORY BUSINESS***

SFW Capital Partners, L.P., a Delaware limited partnership (“**SFW**” or the “**Adviser**”), was formed in 2004 and began operations in 2007, and provides investment advisory services on a discretionary basis to private equity funds. SFW is controlled by its general partner, SFW Capital Partners, UGP, LLC, a Delaware limited liability company. SFW Capital Partners, UGP, LLC is principally owned by Thomas P. Salice and Roger C. Freeman.

Currently, there are seventeen private equity funds that SFW manages directly or through affiliated entities:

- SFW Capital Partners Fund, LP (“SFW Fund I”),
- SFW Capital Partners Coinvestors, LP (“SFW Coinvest Fund I”),
- SFW Capital Partners Fund II, LP (“SFW Fund II”),
- SFW Capital Partners Fund II-A, LP (“SFW Fund II-A”),
- SFW Capital Partners Coinvestors II, LP (“SFW Coinvest Fund II”),
- Grove Co-Invest, LLC (“Grove”),
- Particle Co-Invest, L.P. (“Particle”),
- SFW Particle Co-Invest, L.P. (“SFW Particle”),
- Captify Co-Invest, L.P. (“Captify”),
- SFW Captify Co-Invest, L.P. (“SFW Captify”),
- Galaxy Co-Invest, L.P. (“Galaxy”),
- SFW Galaxy Co-Invest, L.P. (“SFW Galaxy”),
- SFW Capital Partners Fund III-A, L.P. (“SFW Fund III-A”),
- SFW Capital Partners Fund III-B, L.P. (“SFW Fund III-B”), and
- SFW Pixel Image Holdings, LLC (“Pixel”) (each a “Fund” and collectively, the “Funds” or “Fund Clients”). Several entities controlled by or under common control with SFW act as general partners or managing member, as the case may be, to the Funds.

The following general partner entities are affiliated with SFW:

- SFW Capital Partners Holdings, LLC,
- SFW Capital Partners Coinvestors GP, LLC,

- SFW Capital Partners Holdings II, L.P.,
- SFW Capital Partners Holdings II-A, L.P.,
- Grove Co-Invest Holdings, L.P.,
- Particle Co-Invest Holdings, L.P.,
- Galaxy Co-Invest Holdings, L.P.,
- Captify Co-Invest Holdings, L.P.,
- SFW Pixel Image Holdings MM, L.P., and
- SFW Capital Partners Holdings III, L.P.

(each, a “General Partner”).

Each General Partner is subject to the Advisers Act pursuant to SFW’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with SFW.

The Funds are private equity funds that generally invest, directly or indirectly, through negotiated transactions in operating entities. SFW’s investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly, although not always exclusively, in non-public companies. The members of, or other personnel of, SFW typically, as part of SFW’s investment strategy, serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

SFW’s advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a “Memorandum”), limited partnership or other operating agreements of the Funds (each, a “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.” Investors in the Funds (generally referred to herein as “investors” or “limited partners”) participate in the overall investment program for the applicable Fund, but in certain circumstances are permitted to be 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 SFW and any investor. The Funds or the General Partners generally enter into side letters or other similar agreements (“Side Letters”) 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.

Each of Grove, Particle, SFW Particle, Galaxy, SFW Galaxy, Captify, and SFW Captify were formed for the sole purpose of investing alongside SFW Fund II and SFW Coinvest Fund II in a single portfolio company. SFW Fund II-A was formed in 2020 for the purpose of investing alongside SFW Fund II and SFW Coinvest Fund II. Pixel was formed for the sole purpose of

investing in a single portfolio company alongside SFW Fund III-A and SFW Fund III-B.

As of December 31, 2023, SFW had \$967,471,596 of regulatory assets under management, all of which is managed on a discretionary basis.

## ***ITEM 5. FEES AND COMPENSATION***

In general, SFW receives a management fee and the General Partners receive a carried interest in connection with the provision of advisory services to SFW's clients. SFW or other SFW entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to SFW to the extent provided by the Governing Documents. Investors in the Funds also bear certain fund expenses (See Other Fees section below).

### ***Management Fee***

The Funds will pay SFW, partially in advance and partially in arrears, a management fee (the "Management Fee") equal to 2.0% on an annual basis of aggregate investor capital commitments ("Commitments"). Upon a date specified in the Governing Documents (the "Stepdown Date"), the Management Fee will be reduced and will equal, depending on the Fund, 1.7% - 2.0% of the aggregate funded Commitments invested in portfolio companies that have not been disposed of or permanently written down. The Management Fee will be payable until proceeds from all portfolio investments are distributed or until SFW's relationship with the relevant Fund is terminated for other reasons (as described in the Governing Documents). Installments of the Management Fee payable for any period other than a full six-month period are adjusted on a pro rata basis according to the actual number of days in such period. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors. Notwithstanding the foregoing, SFW Fund II-A's Management Fee is at all times calculated and charged based on invested capital, rather than Commitments.

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 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 the Fund's aggregate investment(s) in its portfolio companies that have not been completely realized or permanently written down (such investments, "Active Investments").

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. 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 of Active Investments where the fair market value of all remaining investments in the applicable portfolio company is less than the total amount of investment contributions made by the Fund in such portfolio company (a "Reduced Value Investment"), Management Fees otherwise payable relating to a Reduced Value Investment will

be based on the fair market value of the remaining investment(s) in such portfolio company and not the amount of total investment contributions.

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 or of a Fund, including following the relevant investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of Reduced 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, or in circumstances where one or more other Fund(s) divest their respective investment(s) (including credit investments) in the relevant portfolio company, whether in whole or in part, 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 investment 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, refunded or otherwise adjusted 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.

To the extent specified in a Fund's Governing Documents, SFW or another SFW entity will be permitted to receive certain supplemental fees and other amounts ("Supplemental Fees") consisting of: (i) management services or advisory consulting fees paid by any portfolio company; (ii) transaction fees paid by any portfolio company; and (iii) other designated net fee payments received by SFW or its partners or personnel from portfolio companies or prospective portfolio companies. A Fund's Governing Documents generally will provide that Supplemental Fees received by SFW and attributable to the Fund's investment in a portfolio company will be credited against Management Fees otherwise owed to SFW in a specified percentage (*e.g.*, 50%-100% ). The remaining amount of such Supplemental Fees will be retained by SFW.

As a matter of practice, SFW is typically paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment, as well as other fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments; or (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by SFW, service providers, third parties, current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others). Each of the foregoing conditions is expected to reduce the



amount of Supplemental Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to SFW over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for SFW to seek to increase such amounts.

### *Other Funds*

SFW Coinvest Fund I, SFW Coinvest Fund II, SFW Coinvest III, Grove, SFW Grove, Particle, SFW Particle, Galaxy, SFW Galaxy, Captify, SFW Captify, and Pixel do not pay management fees. Grove paid a one-time transaction fee to Grove Co-Invest Holdings, LP in the amount of 2.5% of committed capital. Grove Co-Invest Holdings, LP waived the obligation to pay the transaction fee and in exchange for such waiver, Grove issued to Grove Co-Invest Holdings, LP Class B Units in Grove. SFW Grove was exempt from payment of the transaction fee.

Principals or other personnel of SFW are permitted to receive a portion of the Class B Units received by Grove Co-Invest Holdings, LP as a profits interest.

### ***Carried Interest***

The General Partners of each of SFW Fund I, SFW Fund II, SFW Fund II-A, SFW Fund III-A, and SFW Fund III-B have the right to receive carried interest allocations on certain realized profits of those Funds, equal to 20% of all realized profits subject to an 8% compound preferred return, as more fully described in each of such Fund's I Partnership Agreement. The carried interest earned by such General Partners is subject to potential giveback if SFW has received excess cumulative carried interest distributions at the end of the terms of such Funds.

The General Partner or managing member of Particle, Galaxy, Captify, and Pixel have the right to receive a carried interest allocation equal to 10% on realized profits above a certain threshold, as more fully described in the relevant Partnership Agreement or Limited Liability Company Agreement. The carried interest earned by such General Partner or managing member is subject to potential giveback if SFW has received excess cumulative carried interest distributions at the end of the term.

Each Fund's Partnership Agreement provides detailed descriptions of the manner in which management fees and carried interest are payable such Funds.

The limited partnership or other organizational agreements of SFW Coinvest Fund I, SFW Coinvest Fund II, Grove, SFW Particle, SFW Galaxy, and SFW Captify do not provide for carried interest allocations to their respective General Partners or managing members.

### ***Other Information Relating to Fees and Expenses***

Principals or other personnel of SFW generally receive a portion of the management fees, carried interest or other compensation received by SFW or its affiliates. SFW reserves the right to exempt certain investors in the Funds from payment of all or a portion of management fees and/or carried interest, including SFW and any other person designated by SFW. Any such exemption from management fees or carried interest are permitted to be made by a direct exemption, a rebate by SFW such General Partner, or by permitting such investors to invest in Funds that co-invest alongside the Funds.

No investor (other than the General Partners) in SFW Fund I, SFW Fund II, SFW Fund II-A, SFW Fund III-A, or SFW Fund III-B has been exempt from payment of all or a portion of management fees or carried interest.

### Other Fees

In addition to the Management Fee and carried interest payable to the Fund General Partners, each Fund bears certain expenses according to the terms of the relevant Governing Documents, which may differ among the Funds. As set forth more fully in the relevant Governing Documents of each Fund, a Fund typically bears all fees, costs, expenses, liabilities and obligations relating to the Funds and/or their activities, business, portfolio companies or actual or potential investments, including with respect to any person formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as “costs”) relating or attributable to: 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, portfolio companies and the relevant 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 other third-party service providers in connection therewith); indebtedness of, or guarantees made by, the Fund, the General Partner or any affiliate on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; financing, commitment, origination and similar activities; broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, sales, investment banker, finder and similar services; brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services (including any depositary appointed pursuant to the AIFMD and any Swiss representative or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof); reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg, other European countries and other jurisdictions that are put in place to establish required residence and/or operate the investment activities of the Fund (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith and the Fund’s share of any such costs of any such structure involving other persons managed by, or affiliated with, SFW, the General Partner or any of their respective affiliates); legal, accounting, research, auditing, technology, administration (including costs associated with the Fund’s 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, operating partners, 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); reverse breakup, termination and other similar arrangements; insurance, including directors and officers liability, fidelity bond, 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 costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance); filing, title, transfer, survey, registration and other similar activities; printing, communications, mailing, courier, marketing and publicity; the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K 1s or similar forms or other communications with limited partners, or any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports), or other information, including costs of any third-party service providers and professionals related to the foregoing; compliance with any tax or financial account reporting regime, including FATCA, 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; 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) for the benefit of the Fund or the limited partners; any activities with respect to protecting the confidential or non-public nature of any information or data, including Confidential Information (including any costs incurred in connection with the EU Data Protection Law or FOIA); to the extent provided in the Governing Documents, or otherwise approved by the 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 General Partner, advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of advisory committees); indemnification (including legal and any other costs incurred in connection with indemnifying any limited 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; 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; any annual limited partner meeting or other periodic or special meeting, if any, of the limited partners and any other conference, meeting or webcast or other video conference with any limited partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs), in each case to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner; Management Fees; except as otherwise determined by the General Partner in its sole discretion, any cost relating to any Alternative Investment Vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a fund expense if it were incurred in connection with the Fund, and any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to

the Fund to the extent not paid by the investors investing in such entities and any other costs related to any structuring or restructuring of any alternative investment vehicle, portfolio company or portfolio company of any alternative investment vehicle; the termination, liquidation, winding up or dissolution of the Fund and any persons owned directly or indirectly by the Fund (including portfolio companies) and related entities; defaults by limited partners in the payment of any capital contributions; amendments to, and waivers, consents or approvals pursuant to, a Fund's Governing Documents, including the preparation, distribution and implementation thereof; (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 General Partner or any of its affiliates incurred in connection with the operation of the Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to the Fund or the General Partner (including as a result of any anti-money laundering laws, rules or regulations); any litigation or governmental inquiry, investigation or proceeding involving or related to the Fund, 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; any third-party experts or advisors, including independent appraisers, engaged by the General Partner in connection with the Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same entity as one or more other funds, entities or accounts managed or controlled by SFW; unreimbursed costs incurred in connection with any Transfer or proposed Transfer contemplated by the Governing Documents or any limited partner's name change, internal restructuring or change in trust, registered agent or custodian; any taxes, fees and other governmental charges levied against the Fund and/or any alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund and/or any alternative investment vehicle (except to the extent that the Fund is reimbursed therefor by a reimbursing partner) and any costs of or related to the tax representatives. distributions to the limited partners and other costs associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; unreimbursed and unpaid costs of the Operations Group or its members, employees or other Persons engaged by the Operations Group (as defined in the Governing Documents; compliance or regulatory matters related to the Fund, except as otherwise set forth in the Governing Documents, including compliance with the Governing Documents and/or any Side Letter or similar agreement; attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner, SFW or any of their respective affiliates at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; any travel (including, where appropriate, the cost of chartering private aircraft for diligence and deal sourcing at a cost above the cost of first class commercial airfare, provided that (A) the General Partner determines in good faith that health risks related to the COVID-19 pandemic remain material and (B) the Fund's share of such private air travel (exclusive of any private air travel included as organizational expenses) does not exceed \$300,000 in the aggregate over the Fund's term), other air travel, car or ride sharing services, other modes of transportation, meals, lodging and entertainment) and other meals and entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; any of the items listed in the clauses 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); any organizational expenses; any placement fees; and any other costs approved by the relevant advisory committee.

Excluded from partnership expenses are ordinary administrative and overhead expenses of the General partners (or managing member) incurred in connection with managing, originating and monitoring investments, including salaries of personnel, rent, utilities and other similar expenses specified in the respective partnership agreement or other organizational agreement. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices." In certain circumstances, one Fund may pay an expense common to multiple Funds (*e.g.*, legal expenses for a transaction in which more than one Fund participates) and be reimbursed by other participating Funds for their share of such expense, without interest. To the extent co-investment vehicles or similar entities are formed in connection with a proposed transaction that is not consummated, Broken-deal expenses relating to such co-investment vehicles or similar entities may be borne by other Funds.

A more detailed description regarding the manner in which expenses are allocated to a Fund is set forth in the relevant Fund's limited partnership or other organizational agreement.

SFW and/or its affiliates generally have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation may give rise to conflicts of interest between the Funds, on the one hand, and SFW and/or its affiliates on the other hand.

### ***Operating Partners***

Additionally, as further described herein and in the Governing Documents, it is SFW's practice to employ, use or retain certain operating partners (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such operating partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Operating partners receive compensation, including, but not limited to, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, a profits, participation or equity interest in a portfolio company or holding company, incentive equity and stock awards, profits or equity interests in one or more Funds or General Partners, remuneration from SFW and/or its Funds or affiliates, guaranteed minimums or other compensation, the amount of which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such operating partners, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such portfolio company. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and has the potential to result in economic effects

greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all operating partner compensation as well as fees, costs and expenses of structuring operating partner arrangements. Operating partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee.

## ***ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT***

### ***SFW Fund I, SFW Fund II, SFW Fund II-A, SFW Fund III-A, and SFW Fund III-B***

As described under Item 5 – “Fees and Compensation,” the General Partner of each of SFW Fund I, SFW Fund II, SFW Fund II-A, SFW Fund III-A, and SFW Fund III-B, which are affiliates of SFW, have the right to receive carried interest allocations on certain realized profits of the respective Fund. The Fund's Governing Documents provide that, after contributed capital plus a preferred return is returned to the investors in a Fund, the net profits realized by the Fund are shared by the Fund's General Partner and Fund investors.

The carried interest payable to the General Partners, and indirectly, SFW's related persons, creates an incentive for SFW to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Investors in each Fund are provided with disclosures contained in such Fund's Governing Documents relating to carried interest payable to SFW and the risks associated with their investment in the Fund.

### ***Grove***

As noted in Item 5 above, Grove paid a one-time transaction fee to Grove Co-Invest Holdings, LP (an SFW relying adviser) in the amount of 2.5% of committed capital in the form of Class B units in Grove. After expenses and investment costs are reimbursed to investors, Grove Co-Invest Holdings gets 100% of distributions until it has received 2.5% of the investment cost. After that, any remaining assets are split 97.5 to investors / 2.5 to Grove Co-Invest.

### ***Captify, Galaxy, Particle, and Pixel***

As noted above, The General Partner or managing member of Particle, Galaxy, Captify, and Pixel have the right to receive a carried interest allocation equal to 10% on realized profits above a certain threshold, as more fully described in the relevant Partnership Agreement or Limited Liability Company Agreement. The carried interest earned by such General Partner or managing member is subject to potential giveback if SFW has received excess cumulative carried interest distributions at the end of the term.

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 SFW 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 or at certain interim intervals.

SFW does not engage in side-by-side management.

## ***ITEM 7. TYPES OF CLIENTS***

SFW provides investment advice and/or management supervisory services to private equity funds, including the Funds. Private equity funds are generally investment partnerships or other investment entities formed under domestic or foreign laws and operated as excluded investment pools under the Investment Company Act of 1940, as amended. The Funds' offerings of securities are not required to be registered under the Securities Act of 1933, as amended, in reliance upon certain exemptions available to issuers whose securities are not publicly offered. The investors in the Funds may include foundations, endowments, family offices, individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other personnel of SFW and its affiliates. SFW manages the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's partnership or other organizational agreement. SFW does not impose any minimum requirements on its Fund Clients, however, a Fund is permitted to impose minimum investment and suitability requirements for investors.

## ***ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS***

### ***Methods of Analysis & Investment Strategies***

SFW seeks to invest in businesses where we believe that our knowledge of the relevant technology, science, competitive marketplace and service requirements is sufficient to give us confidence in our ability to assist management teams in growing their companies and building value. SFW focuses its investment activity on businesses that generally provide analytical tools or related outsourced analytical services. SFW looks for situations where it can apply its resources to increase the growth of the company or where it can help drive improvements in the quality, efficiency and profitability of operations.

Potential investments that SFW determines meet the above stated criteria are subjected to a due diligence review by an SFW-led team, supplemented by third party specialists, where appropriate, which focuses on numerous disciplines, including accounting, finance, sales, operations, insurance, environmental, legal and human resources. Investments are subject to approval of the Investment Committee.

### ***Material Risks of Loss***

The strategies the Funds employ involve a substantial degree of risk, and the Funds may lose all or a substantial portion of the value of their investments. Consequently, the Funds and their investors bear the risk of loss that Funds' investment strategies entail. The risks involved with the Funds' investment strategies and an investment in the Funds include, but are not limited to:

### ***Long-Term Nature of Investment; No Assurance of Investment Return.***

SFW's task of identifying and negotiating investment opportunities, managing such investments

and realizing a significant return for investors is typically a long, time-consuming process with no certainty of return on investment. There will likely be little, if any, near-term cash flow available to the limited partners in the Funds, and there is no assurance that the Funds will be able to invest their capital on attractive terms, generate returns for the limited partners or return the capital contributed by such limited partners.

### ***Leveraged Investments; Junior Nature of Investment in Portfolio Companies***

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. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. 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. 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, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such 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 not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings 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 generally 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 SFW or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-



investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

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 the Fund. As a result, the relevant 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.

### ***Subscription Lines***

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

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the 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 the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. 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, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

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

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

Under the Governing Documents, each Fund is authorized to incur indebtedness that is secured by any assets of the Fund (*e.g.*, asset-based borrowing, as well as “back leverage” and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (*e.g.*, special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose relating to the activities of the 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 companies generally do not have such limits on their ability to engage in borrowings or incur leverage.

### ***Financial Institutions; 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 (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, SFW, 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 SFW to manage the Funds and their investments, and on the ability of SFW, 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 SFW 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 SFW 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 SFW 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 SFW 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 SFW seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, SFW 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.

### ***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, SFW 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, SFW, 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 SFW'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 SFW or one of its service providers holding its financial or investor data, SFW, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under SFW's policies and practices.

### ***Privacy and Data Protection Law Compliance Risk***

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

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

### ***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 SFW 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 SFW 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 SFW 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 SFW 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 SFW 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 SFW 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 SFW or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where SFW 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, SFW, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent SFW requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by SFW 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 SFW 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 SFW will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, SFW reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. SFW is permitted to seek the consent of the relevant Fund advisory committee(s) 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 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 SFW, the Funds or

one or more portfolio companies could have a material and adverse effect on the value of the Funds.

### ***Impact of Government Regulation, Reimbursement and Reform***

Certain industry segments in which a Fund may invest 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) 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 are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of SFW 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 SFW 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.

### ***Investment Performance; Limited Partners Have No Management Authority***

The Funds have relatively limited operating histories. Neither the performance of (a) a Fund's prior investments, nor (b) its principals' prior investments is necessarily indicative of a Fund's future results. While SFW expects that the Funds will seek to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the targeted internal rate of return will be achieved. Past results are not indicative of future results. On any given investment, loss of principal is possible. With respect to any Fund's unrealized investments, no assurance can be given as to the actual values that may ultimately be realized in any transaction, if and when effected.

Investors in the Funds generally have no right or power to take part in the management of any portfolio company, and as a result, the investment performance of each portfolio company, and therefore, the Funds, will depend on the actions of the management teams of each Funds' portfolio companies. Although SFW will monitor the performance of each Fund's portfolio company investments, the primary responsibility for the day-to-day management and operations of each portfolio company will rest with such portfolio company's management team. There can be no assurance that the management of any Fund's portfolio companies will operate these companies successfully.



### ***Concentration of Investments In Industry or Industry Segment***

The Funds will generally participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, each Fund's investment portfolio could become highly concentrated and its aggregate return may be affected substantially by the performance of a few holdings. With respect to any future private investment funds, because the private investment fund's diversification limitations are intended to operate with respect to the targeted commitment amount, the limitations will not be applicable until the end of the subscription period of the applicable fund.

### ***Lack of Sufficient Investment Opportunities***

It is possible that a Fund will never be fully invested if enough attractive investments are not identified. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty and substantial resources. There is no assurance that there will be a sufficient number of suitable investment opportunities that meet a Fund's investment objectives, or that such investment opportunities will lead to completed investments by a Fund. Regardless of the level of capital invested by any Fund, Limited Partners will be required to pay Management Fees based on the entire amount of their capital commitments during the Investment Period and other expenses as set forth in the Funds' respective limited partnership agreements or other governing agreement.

### ***Illiquidity; Lack of Current Distributions; Expenses of Funds May Exceed Income***

An investment in any Fund should be viewed as illiquid. The Funds will generally invest in illiquid securities of privately held companies and will often seek to generate returns by selling these securities in a private sale to a strategic buyer or to another private equity firm. There can be no assurances that any Fund will be able to complete sales of portfolio company securities at attractive prices and otherwise on acceptable terms and conditions. Therefore, it is uncertain when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, the Funds may not expect the sale of an investment to occur until a number of years after that investment is made. Typically, there will be no return on any investment prior to a sale of that investment. Furthermore, the expenses of operating any particular Fund (including the Management Fees) may exceed that Fund's income, in which case expenses will be paid from capital to the extent of any excess.

### ***Limited Transferability of Partnership Interests***

There is no public market for any Fund's interests, and none is expected to develop. There are substantial restrictions on the transferability of Fund interests, which restrictions are more specifically set forth in the Funds' Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. There is currently no efficient market for limited partnership interests in the Funds and it is not expected that one will develop.

### ***Nature of Investment in Privately-Held Small Enterprises***

Because the Funds' investments primarily consist of securities issued by privately-held, small

enterprises, operating results will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

### ***Bankruptcy of Portfolio Companies***

The Funds are permitted to make investments in portfolio companies that may experience financial difficulties and become insolvent or file for bankruptcy protection. Various bankruptcy laws could operate to the detriment of the Funds. There is also a risk that a court may subordinate a Fund's investment to other creditors or require that Fund to return amounts previously paid to it by a portfolio company that becomes insolvent or files for bankruptcy, the risk of which could increase to the extent that the Fund obtains management rights or holds equity securities in such portfolio company.

### ***Restricted Nature of Investment Positions; Valuation of Portfolio Companies***

There will be no readily available market for a substantial number of Fund investments, and hence most of the Fund investments will be difficult to value. Certain investments may be distributed in kind to the investors. Generally, SFW will determine the value of any of a Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations may not be available for the majority of any Fund's investments because, among other things, the securities of portfolio companies generally held by the Funds will be illiquid and not quoted on any exchange. There can be no assurance that SFW will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of SFW with respect to an investment will represent the value realized by a Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. The exercise of discretion in valuation by SFW may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

### ***Reliance on Fund and Portfolio Company Management***

Control over the operations of any Fund will be vested entirely in such Fund's General Partner and SFW, and that Fund's future profitability will depend largely on the business and investment acumen of SFW and its principals. Investors in the Funds generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend entirely on the actions of SFW. Although SFW will monitor the performance of each of the Funds' investments, the primary responsibility for the day-to-day management and operations of each portfolio company will rest with each portfolio company's management team. There can be no assurance that the management of the Funds' portfolio companies will operate these companies successfully.

### ***Director Liability***

The Funds typically receive the right to appoint representatives to the boards of directors of the companies in which they invest. Serving on the board of directors of a portfolio company exposes Fund representatives, and ultimately the Funds, to potential liability. Although portfolio companies generally have insurance to protect directors and officers from such liability, such insurance may

not be obtained by all portfolio companies and may be insufficient if obtained.

### ***Projections***

Projected operating results of a company in which any Fund invests normally will be based primarily on financial projections prepared by such company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

### ***Foreign Investments***

Subject to certain limitations, although the Funds may be primarily focused on investments in U.S.-based businesses, Funds are permitted to invest in companies that are (1) based outside of the United States, or (2) have operations outside of the United States. These investments may be made in foreign securities or securities of a U.S. company with foreign operations. Investments in foreign securities and investments in companies that have foreign operations involve certain risks not typically associated with investing in United States securities or companies with no foreign operations, including risks relating to: (a) potentially unsettled points of applicable governing law; (b) the risks associated with fluctuating currency exchange rates; (c) capital repatriation regulations (as such regulations may be given effect during the term of the Funds); (d) the application of complex U.S. and non U.S. tax rules to cross-border investments; (e) possible imposition of non-U.S. taxes on the Funds and/or the investors with respect to the Funds' income; possible non-U.S. tax return filing requirements for the Funds and/or the investors; (g) economic dislocations in the host country; (h) less publicly available information; (i) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (j) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (k) civil disturbances; (l) government instability; and (m) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

### ***Availability of Debt Financing***

The debt markets have experienced significant volatility, resulting at times in less available total leverage and more restrictive and expensive financing terms and conditions. While credit availability loosens and tightens during various times in a business cycle, SFW expects this volatility could continue into the future, and cannot predict how it will impact the performance of investments in any Fund.

### ***Need for Follow-On Investments***

As part of a Fund's investment strategy, a Fund's portfolio companies is permitted to seek add-on acquisitions that enable them to expand their existing product lines or services, broaden their geographic coverage and/or allow them to offer complementary products or services. There can be no assurance that the portfolio companies will be able to acquire businesses on satisfactory terms or that any business acquired by a platform company will be integrated successfully into that company's operations or be able to operate profitably. Future acquisitions could require additional

financing, which could result in an increase in a platform company's indebtedness.

### ***Significant Default Penalties***

The Funds' respective Governing Documents may contain significant penalties in the event a Limited Partner defaults on its capital commitment or other payment obligations. For example, the defaulting Limited Partner may be required, among other things, to forfeit a substantial portion of its capital account and rights to future profits (but not losses) that otherwise would have been allocable to the Limited Partner and/or the Fund may designate a person or entity to assume the entire unpaid balance of the defaulting Limited Partner's capital commitment and to succeed to all of the rights of the defaulting Limited Partner's interest. In addition, a Fund may take other actions provided in the Governing Documents and pursue any available legal or equitable remedies.

### ***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 the Fund's ability to fulfill its investment objectives.

### ***Force Majeure Risk***

This is the risk that there may be an act of God, terrorist act, global health pandemic, failure of utilities or other similar circumstance not within the reasonable control of SFW that may have an unknown and potentially catastrophic effect on the global markets. SFW has a business continuity plan to mitigate the effects of a force majeure risk, however, these events may still affect VCM, our funds, investors, portfolio companies, etc.

### ***Conflicts of Interest***

SFW and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. SFW 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 SFW conducting its activities, the interests of a Fund likely will conflict with the interests of SFW, 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, SFW 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.

SFW, its affiliates, and equity holders, officers, principals and personnel of SFW and its affiliates reserve the right to buy or sell securities or other instruments that SFW 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 SFW's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of SFW have, and are expected to continue to have, capital investments in or alongside certain Funds (including investments in different parts of the capital structure of a portfolio company in which a Fund invests), or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect 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, the General Partner and its beneficial owners may intend to hold the investment for a different time period than SFW deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

### ***Allocation of Investment Opportunities***

During the investment period of a Fund, all appropriate investment opportunities will be pursued by SFW principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and SFW's Allocation Policy. Without limitation, SFW principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. SFW 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. SFW's principals and SFW's investment staff will continue to manage and monitor such investments until their realization. Such other investments that SFW principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, SFW principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in SFW's sole discretion, SFW 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, SFW personnel are permitted to serve on boards or act in other roles unaffiliated with SFW, 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.

SFW expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of SFW. In determining which investment vehicles should participate in such investment opportunities, SFW and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the Governing Documents, SFW is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of SFW in a portfolio company also have the potential to raise the risk of using assets of a client of SFW to support positions taken by other clients of SFW.

SFW must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. SFW generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors including, but not limited to, investment restrictions and objectives (including those set forth in the Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors.

SFW'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 SFW 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 SFW expects to be subject, discussed herein, did not exist.

### ***Allocation of Fees and Expenses***

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 law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by SFW 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 SFW. 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.

### ***Conflicts Involving Portfolio Companies***

As a result of the Funds' controlling interests in portfolio companies, SFW and/or its affiliates typically have the right to appoint portfolio company board members (including current or former SFW 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 SFW and/or its affiliates. Except to the extent 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 SFW.

Additionally, a portfolio company typically will reimburse SFW or service providers retained at SFW's discretion for expenses (including, without limitation, travel expenses) incurred by SFW 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 SFW personnel. This subjects SFW 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. SFW determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to SFW 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, SFW, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of SFW's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, SFW 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, "SFW Information"). In many cases, SFW Information will include tools, procedures and resources developed by SFW to organize or systematize SFW Information for ongoing or future use. Although SFW expects its Funds and their portfolio companies generally to benefit from SFW's possession of SFW Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by SFW and its personnel) and not by the Fund or portfolio company from which SFW Information was originally received or derived. SFW Information will be the sole intellectual property of SFW and solely for the use of SFW.

SFW reserves the right to use, share, license, sell or monetize SFW Information, without offsetting or otherwise reducing 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 reduce Management Fees.

SFW 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) SFW or a related person of SFW (which is permitted to include a portfolio company of such Fund); (ii) an entity with which SFW or its affiliates or current or former personnel has a relationship or from which SFW or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where SFW personnel are seconded, or from which SFW receives secondees; or (iii) certain limited partners or their affiliates. For example, SFW expects to be presented with opportunities to receive financing and/or other services in connection with a Fund’s investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects SFW to conflicts of interest, because, although SFW selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, SFW 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 SFW, 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 SFW), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. SFW will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although SFW 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, certain service providers, their affiliates and personnel are permitted 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 SFW or any Fund to provide services that will be the most beneficial to any limited partner.

SFW 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 SFW 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. Discounted prices or better terms offered by a portfolio company to SFW, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

### ***Conflicts Involving Operating Partners***

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to, and reimburse expenses of, operating partners and other consultants (including consultants introduced or arranged by SFW and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the Management Fee as described herein. Operating partners generally make use of SFW resources or otherwise are associated with SFW. SFW and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Operating partners are expected to include former personnel of SFW or certain portfolio companies, and in some circumstances former operating partners are expected to become SFW personnel or personnel of portfolio companies. Consequently, the determination of whether individuals are operating partners 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 SFW otherwise would be required to bear. Operating partners generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the Management Fee of any Fund, as described herein, and the use of operating partners is expected to fluctuate and/or expand over time. To the extent that operating partners are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the operating partner's services at a time when fewer portfolio companies or Funds make use of such operating partner. Under many of these arrangements, including where operating partners 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 or tangible work product generated by the operating partner. 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 partners. In such cases, where the relevant General Partner believes the services of the operating partners 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 partner services. Although the use of operating partners and the allocation of compensation paid to them by SFW, its affiliates and/or the portfolio companies subjects SFW and/or its affiliates to potential conflicts of interest, SFW 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 partner is lower than market rates for the services provided and/or if the services of the operating partner align with SFW's model for the portfolio company and improve portfolio company performance. Although SFW seeks to retain operating partners 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. SFW also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for

such persons in a manner that SFW believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only operating partners 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.

### ***Reduced Value Investments***

The Governing Documents provide SFW 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 SFW's compensation. In making such determinations, SFW is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for SFW and its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. SFW expects 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 Reduced Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the Management Fee is calculated taking into account the valuation of an investment, SFW 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, dividend recapitalizations or similar transactions, SFW is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Reduced 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 a Reduced Value Investment, within the requirements of the relevant Governing Documents.

SFW's wide-ranging authority on the determination of Reduced Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is a Reduced 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 a Reduced 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. 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 Reduced 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 SFW's compensation is dependent in part on an investment's status as a Reduced 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 SFW intends 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.

### ***Side Letters***

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

SFW 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 SFW, 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 SFW, its affiliates and personnel, or the Funds. Further, Side Letters also are expected to relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Except in the circumstances and on the timing required by 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, SFW, 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 SFW 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.

### ***Indemnification***

Although the Governing Documents generally contain broad exculpation and indemnification provisions, SFW 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 SFW 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 SFW's insurance coverage are higher or lower than that set forth in the Governing Documents.

### ***Conflicts among Limited Partners***

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although SFW 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.

### ***ITEM 9. DISCIPLINARY INFORMATION***

There are no legal or disciplinary events that are material to the evaluation of SFW's advisory business or the integrity of its management.

### ***ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS***

SFW has engaged the services of a portfolio company, Gerson Lehrman Group, Inc. ("GLG"). Some SFW funds have invested in GLG to provide expert network services to the Funds. Affiliates of GLG may have invested in certain Funds. This creates a conflict of interest. SFW negotiated the engagement with GLG on an arm's length basis after a review of the available service providers approval of the written contract with GLG by SFW's CCO.

As more fully described under Item 4 above, SFW's affiliated entities serve as the General Partners or managing member to the Funds and are responsible for managing the business of the Funds together with SFW. Several of SFW's members and officers serve on the Board of Directors for the businesses the Funds are investing in to help manage these businesses. This may create a conflict between the interest of the Funds and the portfolio companies, however, as many SFW personnel and members have also invested in the Funds, SFW believes that the personnel and members have an incentive to make decisions that are best for the Funds. In addition, SFW and our personnel have a fiduciary duty to act in the best interest of our clients, the Funds.

### ***ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING***

SFW has adopted the SFW Code of Ethics and Securities Trading Policy and Procedures (the "*Code*"). The Code sets forth standards of conduct that are expected of SFW principals and

personnel and includes, among other things, provisions relating to the confidentiality of client information, a prohibition on insider trading, and procedures addressing conflicts that arise from personal trading. The Code further requires certain SFW personnel to report their personal securities transactions, prohibits or requires pre-clearance for SFW personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits SFW personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from SFW's Chief Compliance Officer.

Principals and personnel of SFW and its affiliates are permitted to directly or indirectly own an interest in one or more private investment funds, including the Funds or other co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles generally invest in one or more of the same portfolio companies as the Funds. SFW and its affiliates, principals and personnel reserve the right to carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. These arrangements may create potential conflicts of interests. Any potential conflicts of interest will be brought to the attention of SFW's Chief Compliance Officer for immediate review and adjudication.

SFW is expected to borrow on behalf of a Fund and contribute borrowed amounts to the Fund as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the Fund as an expense, consistent with the Fund's Governing Documents. In borrowing on behalf of any Fund, SFW is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund. SFW will transact such borrowings in a manner it believes to be fair and equitable to the Funds, and consistent with SFW's obligations to the Funds.

Personnel must acknowledge understanding and agree to comply with the Code. Personnel who violate the Code are subject to disciplinary action including, but not limited to, written warnings and termination of employment.

A copy of the Code will be provided to any investor or prospective investor upon request to Joe Testani, the SFW Chief Compliance Officer, at [jtestani@sfwcap.com](mailto:jtestani@sfwcap.com) or (914) 510-8910.

## ***ITEM 12. BROKERAGE PRACTICES***

### ***Brokerage***

SFW does not generally engage in the purchase or sale of marketable or publicly traded securities. In the event that SFW engages in the purchase or sale of publicly traded securities on behalf of a Fund, it is anticipated that SFW would have discretion to choose the broker through which such transaction is executed. In these cases, when selecting a broker, SFW would evaluate and consider all such services offered by a broker in light of the circumstances surrounding each transaction. SFW will seek to obtain not necessarily the lowest cost, but the best overall execution considering factors such as fees, expertise and experience in the industry, financial analyses support, reputation, firm independence, track record and competitive position, among others.

### ***Research and Other Soft Dollar Benefits***

SFW does not obtain proprietary and third-party research services or products with the Funds' commissions or "soft dollars."

### ***Brokerage for Client Referrals***

SFW does not consider investor referrals in selecting broker-dealers.

### ***Directed Brokerage***

SFW does not accept instructions to effect Fund transactions with certain broker-dealers.

### ***Principal Transactions***

"Principal transactions" are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells any security to any advisory client. SFW does not engage in principal transactions.

### ***Allocation***

SFW will generally allocate investment opportunities among the Funds in a manner that it deems equitable, considering the size, duration and expected liquidity of the investment, tax and other attributes of the investment and the investors in each Fund and the capital available for investment by each Fund.

## ***ITEM 13. REVIEW OF ACCOUNTS***

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, SFW's investment professionals closely monitor companies in which the Funds invest. These reviews include, but are not limited to, reviewing the operational and financial performance as well as strategic direction of each portfolio companies the respective Funds have invested.

The Funds provide to the limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) reports, on no less than a quarterly basis, that provide a narrative summary of the status of each portfolio company investment.

## ***ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION***

SFW and/or its affiliates reserve the right to provide certain business or consulting services to companies in the Funds' portfolios and are permitted to receive compensation from these companies in connection with such services. In certain cases, such compensation is used to offset a portion of the management fees paid by such Fund.

### ***ITEM 15. CUSTODY***

Because SFW acts as investment adviser to the Funds and is affiliated with each General Partner and managing member through common ownership and control, SFW has custody of the Funds' respective assets under current applicable regulatory interpretations. SFW reviews statements received from the Funds' qualified custodians against its records to verify that the Funds' assets held by the qualified custodian are accurately reflected. Additionally, all Fund clients are audited annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board and GAAP audited financial statements are sent to all investors within 120 days of the end of the respective Fund's fiscal year.

### ***ITEM 16. INVESTMENT DISCRETION***

SFW, directly or through its affiliates that act as General Partners or managing members, has discretionary authority to manage investments on behalf of its Fund Clients pursuant to the several partnership or other organizational agreements. SFW does not generally allow Fund Clients to place limitations on this authority. Pursuant to the terms of a particular Fund's Governing Documents, however, SFW is expected to enter into Side Letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

### ***ITEM 17. VOTING CLIENT SECURITIES***

SFW has adopted proxy voting policies and procedures (the "***Proxy Policy***") to address how it will vote proxies, as applicable, for the Funds' portfolio investments. The Proxy Policy seeks to ensure that SFW votes proxies (or similar instruments) in the best interest of the Funds, including in situations where there may be material conflicts of interest in voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that SFW reserves the right to 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.

If you would like a copy of SFW's Proxy Policy or information regarding how SFW voted proxies for particular portfolio companies, please contact Joe Testani, the SFW Chief Compliance Officer, at (914) 510-8910 and it will be provided to you at no charge.

### ***ITEM 18. FINANCIAL INFORMATION***

SFW does not require prepayment of management fees more than six months in advance or have any financial condition that might impair SFW's ability to meet our obligations to our Client Funds.