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Part 2A of Form ADV: Firm Brochure  
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**This brochure provides information about the qualifications and business practices of Fenway Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 698-9400. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

## **Item 2. Material Changes**

This brochure does not contain any material changes from the last firm brochure dated as of June 29, 2023, though it does contain certain routine updates, including, but not limited to: (i) updates to Item 5 to reflect new disclosure related to fees and compensation paid by certain investors and additional disclosures related to allocation of expenses, (ii) updates to Item 8 to reflect new and updated material risk factors related to the Adviser's investment strategy, including such risk factors related to risks of SOFR, cybersecurity, tax reform, and regulatory developments for private funds, and (iii) updates to Item 11 to reflect new disclosure regarding potential and/or actual conflicts of interest faced by the Adviser related to the allocation of co-investment opportunities, and the Adviser's ability to adjust the Advisory Fee calculation based on the valuations of investments. In addition, Fenway Partners, LLC routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

### Item 3. Table of Contents

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

For purposes of this brochure, the “Adviser” means Fenway Partners, LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates are under common control with Fenway Partners, LLC, but possess a substantial identity of personnel and/or equity owners with Fenway Partners, LLC. These affiliates are typically formed for tax, regulatory or other purposes in connection with the organization of the Funds, or serve as general partners of the Funds.

Fenway Partners, LLC provides investment advisory services to investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. The investment periods of all of the Funds have expired. Although none of the Funds may invest in any new portfolio companies, they may invest follow-on capital in existing portfolio companies. Accordingly, the Adviser’s focus is on maximizing the value of the remaining portfolio company investments versus sourcing new investments. At this point, the Adviser’s advisory services consist of evaluating follow-on investment opportunities, structuring, negotiating and making follow-on investments, managing and monitoring the performance of the remaining portfolio investments of the Funds and disposing of such investments. The Adviser serves as the investment adviser or general partner to the Funds in order to provide such services. The Adviser may in the future provide investment advisory services to new clients.

The Adviser provides investment supervisory services to each Fund in accordance with the organizational documents of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund, Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund (such documents collectively, a Fund’s “Organizational Documents”).

The principal owners (defined as a person owning 25% or more) of Fenway Partners, LLC are Peter Lamm and Gregg Smart. The Adviser has been in business since 1994. The total regulatory assets under management of the Funds as of December 31, 2023 is \$414,000,000, all of which the Adviser manages on a discretionary basis.

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

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio

companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, may reduce the Advisory Fees payable to the Adviser. Additionally, consistent with the Organizational Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Details about such fees and expenses are contained in the Organizational Documents of a Fund. Further details about certain common fees and expenses are set forth below.

### **Advisory Fees**

As compensation for investment advisory services rendered to the Funds, the Adviser receives from some but not all such Funds, directly or indirectly, an advisory fee (each, an “Advisory Fee”). Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain excess organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Fund are indirectly borne by investors in such Fund.

Advisory Fees billed to and received from the Funds are payable quarterly in advance.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser and are set forth in such Fund’s Organizational Documents received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which, to the extent permitted by law, may not be disclosed to other investors in the same Fund. The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

The Advisory Fees paid by a Fund will generally be reduced by a percentage of (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors and/or (2) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Organizational Documents of the applicable Fund. To the extent an Other Fee relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee.

In addition, the Adviser will from time to time waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser to invest in and alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees may not be subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not

receive the full benefit of reductions or offsets (e.g., during periods when the Adviser no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, the Adviser, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

### **Other Fees**

Although Other Fees are in addition to the Advisory Fees, the Adviser reduces the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such Other Fees in accordance with the Advisory Agreement and/or Organizational Documents of the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

#### *Fees Payable by the Portfolio Companies*

The Adviser and its affiliates perform transaction-related, financial advisory and other services for, and receives fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales, divestments or other dispositions and similar transactions with respect to such portfolio companies (“Transaction Fees”).

The Adviser and its affiliates may also receive “Monitoring Fees” pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. In the event of an initial public offering or other disposition, monitoring fees will for a period of time after a disposition continue to be paid so long as the applicable Fund continues to hold an other than *de minimus* position in such portfolio company and the Adviser or its affiliates continue to provide the monitoring services.

In addition, the Adviser and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company (“Director Fees”) and in connection with an unconsummated transaction (“Break-Up Fees” and, together with Transaction Fees, Monitoring Fees and Director Fees, the “Other Fees”). The amount and timing of Break-Up Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Generally, under the terms of the applicable Organizational Documents, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Other Fees are often substantial and are paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise.

Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto) or otherwise. The

payment of Other Fees by portfolio companies will, in some, but not all, circumstances create a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these Other Fees and reimbursements (see “*Expense Reimbursement*”) below are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Adviser determines the amount of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements often will not (except in connection with the reductions described below) be disclosed to investors in the Funds.

From time to time, the Adviser may (in its sole discretion), agree to pay a portion of an Other Fee received from an actual or prospective portfolio company to a third party (“Third Party Fee”), such as a consultant, advisor, Operations Support Provider, finder, broker, co-investor and/or investment bank. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the applicable Organizational Documents to share such Third Party Fee with the Funds (and its investors) and such Third Party Fee will not reduce the Advisory Fee.

In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

#### *Payments Made to Third Parties*

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons are generally retained by such persons and will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “*Providers of Operations Support*” in Item 11 below.

#### *Expense Reimbursement*

Additionally, a portfolio company will typically reimburse the Adviser for expenses (including without limitation travel and travel-related expenses, meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals, social and entertainment event with portfolio company management, customers, borrowers, brokers and service providers), expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses incurred by the Adviser in connection with its performance of services for such portfolio company. Such reimbursed

expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Organizational Documents, and such reimbursements do not reduce the Advisory Fee. As used throughout this brochure, “travel” and “travel-related” expenses shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including chartered, private plane, first class or business class travel and private car travel), lodging and accommodations.

## **Expenses**

### *Adviser Expenses*

To the extent provided in the Organizational Documents of the Funds, the Adviser will bear certain expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, travel, entertainment, compensation and expenses of its partners, officers and employees (other than Carried Interest described in Item 6 below) and other normal and routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds.

### *Fund Expenses*

Consistent with the Organizational Documents of the Funds, each Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, audit, actuarial, investment banking, consulting (including, but not limited to, consulting fees incurred by the applicable Fund for the benefit of its portfolio), brokerage, sale, marketing, advertising, printing and investor-related services and other similar costs, travel and travel-related and entertainment expenses incurred in connection with the Fund’s investment activities, premium meals, social and entertainment events (with actual or potential portfolio company management and/or employees, customers, clients, borrowers, brokers and service providers), fees paid to third-party valuation agents for valuations, appraisals or pricing services, research (including research costs allocated by the Adviser’s internal research team and third-party groups, and including data and information service subscriptions, related systems and services from data providers and data management software), third-party diligence software and service providers, subject and industry matter experts, brokerage, finders’, custody, transfer, registration, advisory board expenses (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel related expenses), financing, commitment, origination and similar fees and expenses, all insurance premiums of any director and officer liability or other insurance, including insurance of which the Adviser and its affiliates are beneficiaries, cyber-security insurance premiums, interest, taxes, expenses of loan servicers and other service providers and extraordinary expenses, such Fund’s allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated (including expenses that would have been borne by co-investment vehicles), such Fund’s allocable share of expenses and fees incurred in the course of making investments and other similar fees and expenses, Operations Expenses (as defined in Item 11 below), risk management assessment expenses, fees, costs and expenses related to the organization or maintenance of any intermediary entity used to acquire, hold or dispose of an investment or to otherwise facilitate a Fund’s investment activities, expenses associated with a Fund’s compliance with applicable laws and regulations, including regulatory filings as they relate to the Fund’s activities, out-of-pocket costs and expenses, if any, associated with any third party



examination or audits (including similar services) of a Fund of the Adviser that are attributable to the operation of such Fund or requested by one or more investors in a Fund, expenses incurred in connection with complying with provisions in investor side letter agreements, the costs associated with any amendments, modification, revisions or restatements to the Organizational Documents of a Fund, the costs and expenses of hosting annual or special meetings of the Funds' investors (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses); information technology system expenses (including the costs of maintaining technological systems for the benefit of a Fund or its investors), such Fund's allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated, including legal expenses incurred in connection with claims or disputes related to unconsummated investments (including expenses that would have been borne by co-investment vehicles), such Fund's allocable share of expenses and fees incurred in the course of making investments, expenses of liquidating a Fund, expenses associated with a Fund, and other similar fees and expenses, as well as any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser.

#### *Allocation of Expenses*

From time to time the General Partner will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be allocated among multiple Funds and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser has an incentive to allocate investment opportunities to the Funds from which the Adviser or its related person derives, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Organizational Documents or, to the extent not addressed in such Organizational Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Funds of expenses and fees generated in the course of evaluating potential investments that are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be allocated among such entities pro rata according to the amount of equity commitment invested or proposed to be invested. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund. Such expenses are typically not allocated to co-investment vehicles. There may be occasions when one Fund (the "Payor Fund") pays an expense common to multiple funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the

Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund. The particular methodology used to allocate such amounts where services are provided are expected to vary depending on the types of services provided and could, in certain circumstances, change from one period to another. Any methodology chosen by the Adviser involves inherent conflicts of interest and could result in a greater expense to the Funds and portfolio companies than would be the case if such services were provided by third parties.

With respect to allocating other expenses among Fund(s), co-investment vehicles, Adviser Investors and/or Third Parties, as appropriate, to the extent not addressed in the Organizational Documents of a Fund, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service will not always reflect the relative benefit derived by such Fund from that service in any particular instance and the Adviser will determine an allocation of expenses to be fair and equitable even where a Fund is required to bear more than its proportional share of such fees or expenses relative to other Allocated Funds receiving the same service or participating in the same transaction. In addition, a Fund will bear more or less of a particular expense based on the methodology used., and a Fund will bear more or less of a particular expense based on the number of Allocable Parties the Adviser selects to bear the expense in its initial allocation determination. When making expense allocation determinations, the Adviser generally will allocate an expense to one or more Allocated Funds that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocated Funds that were not in existence or otherwise identified as Allocated Funds at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Adviser will not re-allocate the expense to each such future Allocated Funds, and such future Allocated Fund(s) will benefit at the expense of other Allocated Funds.

In the event the Adviser is making any determination regarding whether an allocation is fair and equitable, the Adviser will have discretion in such determination, and will typically evaluate facts and circumstances relevant to the particular allocation, which may include consideration of a number of factors that include, without limitation, some or all of the following: timing of the transaction, benefit to a Fund to have co-investors participate, relative negotiating power, any contractual requirements or limitations, relevant disclosures to the Allocated Funds, whether costs and expenses are incurred for the benefit of one party, and whether costs and expenses are incurred in connection with regulatory, tax, accounting, or similar requirements applicable to a particular party. The application of such considerations is in certain circumstances expected to result in the Adviser determining that it is fair and equitable for a Fund bearing more than its pro rata portion of certain fees, costs and expenses (including Dead Deal Costs). This Adviser's discretion in making such determination creates a potential conflict of interest as the Adviser may have an incentive to allocate expenses to a particular Fund over another Fund or other co-investor.

### **Carried Interest Payments**

Please see Item 6 below regarding Carried Interest that Funds pay.

### **Brokerage Fees**

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to certain Funds, a portion of the profits of each such Fund is distributed to its general partner as “carried interest” (the “Carried Interest”). Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds incur lower or no Carried Interest.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Organizational Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, (iii) contractual provisions and procedures setting forth investment allocation requirements and/or (iv) the fact that the Funds are outside of their investment period and may only make follow-on investments. Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

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

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund) and not individually to investors in such Fund.

Interests in the Funds were offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and include, among others, one or more of banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but the Adviser typically establishes minimum investment commitments for investors in the Funds. The general partner of each Fund will from time to time in its sole discretion permit investments below the minimum amounts set forth in the Organizational Documents of such Fund.

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

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

The investment periods of all of the Funds have expired and none of the Funds may invest in any new portfolio companies. The Funds may invest follow-on capital in existing portfolio companies. Accordingly, the Adviser's focus is on maximizing the value of the remaining portfolio company investments versus sourcing new investments. At this point, the Adviser's advisory services consist of evaluating follow-on investment opportunities, structuring, negotiating and making follow-on investments, managing and monitoring the performance of the remaining portfolio investments of the Funds and disposing of such investments in a way that attempts to optimize proceeds while balancing risk and return.

To provide upside returns, the Adviser identifies the areas of underachievement, quantifies the economic value of the potential and defines the actions needed to realize that value. The Adviser's oversight model is proactive and quantifiable with specific accountabilities for the achievement of each objective.

The Adviser focuses its analysis and initiatives around the following five areas:

- **Leadership/Management.** Business underperformance is most often traced to management short-comings. The Adviser swiftly assesses and addresses management's leadership capabilities and the effectiveness of the organizational structure to execute the business plan.
- **Business Strategy.** Middle market companies often pursue incomplete or flawed strategies. The Adviser focuses on actionable strategies to maximize a company's core, sustainable competitive advantage and in doing so, improves a company's financial profitability.
- **Customer Value Proposition.** Early in an investment, the Adviser meets with a broad array of customers, competitors and suppliers to assess the strength of a company's offering, its service levels and new businesses opportunities. This information often leads to changes to improve the price/value/service proposition to the customer.
- **Productivity/Efficiency.** The Adviser works with its management teams to analyze work processes to reduce unnecessary expense, explore sourcing alternatives to improve quality and lower costs, and incorporate lean manufacturing practices to improve productivity.
- **Profitable Revenue Growth.** Sustainable revenue momentum often leads to superior valuation upon exit. To drive revenue growth, the Adviser supports investments to innovate and develop new products, build brand awareness through marketing initiatives, broaden channels of distribution and strengthen a company's sales force.

## **Risks**

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

### *Financial Market Fluctuations*

Various sectors of the U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. The financial services industry generally and investment activities are affected by general economic and market conditions, including interest rates, availability of credit, lack of price transparency, inflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, national and international and environmental and socioeconomic circumstances. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments.

### *Valuation of Assets*

There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities differs from the prices at which such securities may ultimately be sold. Third-party pricing information will at times not be available regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser gives rise to conflicts of interest, valuations (including, for instance, determination of when an investment should be written down or written off) impact the Adviser's track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance calculations. As a result, it is possible for there to be situations where the Adviser is incentivized to influence or manipulate the valuation of investments.

### *Cybersecurity Risk*

The Adviser, the Funds' service providers and other market participants depend on complex and often interconnected information technology and communications systems to conduct business functions. These systems are subject to a number of different threats and other risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Funds' service providers to adopt technologies, processes and procedures intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of the Adviser, the Funds' service providers and counterparties, as well as the data stored by these systems, including investor information. The Adviser and the Funds' service providers may be subject to ransomware or other attacks that could cause a substantial business disruption or loss of availability of data that could prevent the Funds and Adviser from executing its investment strategy or accessing an account, which could lead to financial losses. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors or to transfer funds to unauthorized third parties. A successful penetration or circumvention of the security of the Adviser's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, increased insurance premiums or financial loss. In addition, the Adviser may incur substantial costs related to investigation and remediation of the cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

#### *Custody and Banking Risks*

The Funds maintain funds with one or more banks or other depository institutions ("banking institutions"), which may include US and non-US banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, their portfolio companies, a Fund's general partner and/or the Adviser transact may inhibit the ability of the Funds or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution

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

#### *Leveraged Nature of Investments*

While investments in highly leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The Fund’s portfolio companies generally involve high degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks will have a more pronounced effect on the profitability or survival of such companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company.

#### *Targeting Underperforming Companies; Improving Underperformance*

Targeting underperforming companies involves a high degree of risk, including the risk of a partial or total loss of invested capital. The Fund’s ability to generate attractive returns for investors will depend on whether it has accurately targeted prospective portfolio companies with respect to which the Fund has the ability to eliminate underperformance, to identify areas of underperformance within such companies following investment and to implement methods to improve those areas. There can be no assurance that the implemented methods will eliminate underperformance. If the Fund fails to eliminate underperformance in one or more of its portfolio companies, the Fund may fail to achieve its targeted rate of return on investments.

#### *Financial Market Fluctuations*

General fluctuations in the market prices of securities affect the value of the investments held by the Fund. Instability in the securities markets also increase the risks inherent in the Fund’s investments. The ability of portfolio companies to refinance debt securities will often depend on their ability to sell new securities in the public high yield debt market or otherwise.

### *Time Required to Maturity of Investment*

It is anticipated there will be a significant period of time (up to five years or more) before the Fund has completed its investments in portfolio companies. Such investments typically take from three to ten years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures typically will not provide for liquidity of the Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Fund's investments will occur for a significant period of time from the commencement date by of the Fund.

### *Illiquidity of Fund's Portfolio Investments*

All or a substantial portion of the Fund's investments consist of securities that are subject to restrictions on sale by the Fund because they were acquired from the issuer in "private placement" transactions or because the Fund is deemed to be an affiliate of the issuer. Generally, the Fund will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. When restricted securities are sold to the public, the Fund may be deemed an "underwriter," or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under that Act.

In addition, practical limitations inhibit the Fund's ability to liquidate certain of its investments in the portfolio companies since the issuer will be privately held and the Fund will own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of the Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

### *Special Risks Associated with Offshore Investments*

Certain Funds have invested a portion of their capital commitments in portfolio companies that have operations outside the United States. These investments involve special risks not typically associated with investments in the securities of U.S. issuers, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability; (b) differences between U.S. and foreign securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, the relatively greater price volatility and illiquidity of foreign securities markets; (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another and the possibility of fluctuations in exchange rates; and (d) tax-related issues, including the possibility of withholding taxes, foreign tax filing obligations, confiscatory foreign taxes, and the possibility of double taxation of income earned overseas.



### *Regulatory Oversight*

The U.S. and non-U.S. government agencies, regulatory bodies and self-regulatory organizations, as well as state securities commissions and other state regulators in the United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease and desist orders, or the suspension or expulsion of a regulated entity or its directors, officers or employees. In addition, a number of the Adviser's other activities require the Adviser to obtain licenses, adhere to applicable regulations and be subject to the oversight of various regulators in the jurisdictions in which the Adviser conducts its activities. Regulatory oversight has been increasing, as well as the level of fines and penalties imposed by regulatory agencies. The Adviser is subject to various and numerous requests for information, investigations and proceedings, and sanctions can be imposed for infractions of various regulations relating to its activities.

### *SOFR Risk*

SOFR is a relatively new index rate calculated based on short-term repurchase agreements backed by U.S. Treasury Instruments. While LIBOR is an unsecured rate, SOFR is a secured rate. SOFR, unlike LIBOR, reflects actual market transactions. Accordingly, SOFR is not the economic equivalent of LIBOR. Consequently, there can be no assurance that SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, monetary policy, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

Additionally, because SOFR is published by the Federal Reserve Bank of New York (the "New York Fed") based on data received from other sources, we have no control over its determination, calculation, or publication. There can be no assurance that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Funds. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on SOFR-linked floating rate instruments and the trading prices of such instruments. Additionally, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although occasional, increased daily volatility in SOFR would not necessarily lead to more volatile interest payments, the return on and value of SOFR-linked floating rate instruments may fluctuate more than floating rate instruments that are linked to less volatile rates. All of the foregoing risks may affect the performance of the applicable bonds and loans in which the Funds invest, which in turn may adversely affect the performance of the Funds.

### *Recent Regulatory Developments for Private Funds and their Advisers*

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

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

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

### *Tax Reform*

Tax law is subject to change and various historic and current legislative proposals could affect the Funds and the investors. Under current law, capital gains in respect of a general partner's right to Carried Interest will be subject to a three-year "holding period" in order to be classified as "long term capital gains," while the corresponding holding period requirement with respect to capital gains that Fund investors are allocated is one year. This Carried Interest holding period requirement could affect investment decisions, including the timing and structure of dispositions and other realization events, and it could adversely impact returns for investors. For example, the holding period requirement may incentivize the general partner to cause a Fund to hold an investment for longer than three years in order for the general partner to obtain a preferential tax rate on Carried Interest, even if there are attractive realization opportunities prior to that time. Further, there are currently

administrative and legislative proposals to further change the tax treatment of “carried interest” in ways that may be adverse to partners in the general partner. A general partner and the Adviser may take these potential adverse consequences into account in their management and operation of the Funds and in addressing these adverse consequences, the interests of the general partner and the Adviser, on the one hand, may diverge from the interests of the investors, on the other hand.

## **Item 9. Disciplinary Information**

Except as described below, neither Fenway Partners, LLC nor any of its executive officers, members of its investment committees or portfolio management committees or other “management persons” as defined in Form ADV has been subject to legal or disciplinary events related to this Item.

On November 3, 2015, without admitting or denying any wrongdoing, Fenway Partners, LLC (“Fenway Partners”), as well as Managing Directors Peter Lamm and William Gregory Smart, Chief Financial Officer and Chief Compliance Officer Walter Wiacek, and a former executive of Fenway Partners (the “Respondents”), consented to the entry of an order (the “Order”) to cease and desist from committing or causing any violations and future violations of Sections 206(2) and 206(4) of the Investment Advisers Act of 1940 (as amended, the “Advisers Act”) and Rule 206(4)-8 thereunder. The Order concerns the alleged failure by the Respondents to disclose conflicts of interest to a Fund, as well as alleged material omissions to investors in the Fund about payments to affiliates.

The Order alleges that beginning in December 2011, Fenway Partners caused certain of its portfolio companies to make payments to a consulting affiliate, but did not offset those payments against the Advisory Fee charged by Fenway Partners, or disclose the arrangement with its consulting affiliate to investors. The Order also alleges that certain capital called from investors for investment in a portfolio company was used to make a payment to the consulting affiliate, without disclosure to investors. The Order further alleges that a conflict of interest arose when one of Fenway Partners’ Funds sold its equity interest in a portfolio company in June 2012, and the former executive and two other former Fenway Partners employees received an aggregate of \$15 million from the proceeds of that sale pursuant to the portfolio company’s cash incentive program. The Order alleges that Fenway Partners failed to disclose this conflict of interest and the terms of the payment to investors. The Respondents agreed as part of the settlement to pay a total of \$8,716,471.10 of disgorgement and prejudgment interest, and a civil money penalty of \$1,525,000, which shall be made as follows: \$1,000,000 by Fenway Partners; \$150,000 by Lamm; \$150,000 by Smart; \$150,000 by the former executive; and \$75,000 by Wiacek. The foregoing amounts were deposited into a Distribution Fund on November 24, 2015 and November 25, 2015, and distributed on or before January 26, 2016 to certain limited partners of Fenway Partners Capital Fund III, L.P. on a pro rata basis.

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

### **Related General Partners**

Various limited liability companies (the “General Partners”) serve as general partners of the Funds, and are related persons of the Adviser, and at least a majority of the economic interest in the General Partners are held by the managing directors of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households purchase investments for their own accounts, including the same investments as are purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to Walter Wiacek, Chief Compliance Officer, Fenway Partners, LLC, 108 Airport Road, Suite 103, Westerly, RI 02891.

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

Certain employees and affiliates of the Adviser have invested alongside the Funds, either through the General Partners, as direct investors in the Funds or otherwise. The General Partner will not charge any Advisory Fee or Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a secondary transaction) or a co-investment opportunity (see below) ask different questions and request different information, the Adviser has from time to time provided certain information to one or more prospective investors that it has not provided to all of the prospective investors or limited partners.

### **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to Funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will from time to time conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser has in the past and may in the future establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, other “friends of the firm,” or other persons have invested alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as “co-investment vehicles,” may, in certain circumstances, be contractually required to purchase and sell certain investment opportunities on substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such co-investment vehicles do not pay Advisory Fees or Carried Interest.

In particular, a Fund’s general partner generally designates an additional amount of capital that it intends to contribute to the Fund (an “Additional GP Investment Amount”). In addition, employees and officers of the Adviser and certain affiliates and former affiliates (including, without limitation, investment vehicles and trusts established for such persons) (together, the “Co-Investment Group”) invest substantial additional capital alongside the Fund. In the aggregate, over the life of the investment program of a Fund, the sum of the capital commitment of the general partner to the Fund, plus the aggregate of all Additional GP Investment Amounts, plus the aggregate co-investment amounts of the Co-Investment Group will represent at least 4% of the capital invested in such investment program. The co-investment amount of the Co-Investment Group and the Additional GP Investment Amount must be specified annually by March 31 and will not exceed 10% of the securities available to the Fund in that year. The Co-Investment Group must invest ratably in every investment made by the Fund during that year and the Co-Investment Group’s participation must be on the same terms and conditions as the Fund’s participation, except as is necessary or advisable because of different legal or regulatory constraints. The Funds enter into transactions with the members of the Co-Investment Group so as to effect such ratable investment, including without limitation a purchase by a Fund of a portion of an investment originally made by members of the Co-Investment Group or a purchase by members of the Co-Investment Group of a portion of an investment originally made by a Fund. To the extent that any such purchase is required, such purchase shall occur not later than January 30 of the year following the year in which the investment was originally made and the purchase price shall be the original cost of the portion of the investment being purchased plus interest on such amount calculated from the date such investment was originally made to the date of such purchase. Notwithstanding the foregoing, a Fund’s advisory board shall have the power and authority to approve variations in the Co-Investment Amount, Additional GP Investment Amount and the procedures described above. The terms and conditions of such co-investments are set forth in more detail in a Fund’s limited partnership agreement.

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that are faced by a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### *Resolution of Conflicts*

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) The Adviser will consider the appropriateness of an investment from the viewpoint of a Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Organizational Documents for the Funds;
- (3) Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) Where the Adviser deems appropriate, unaffiliated third parties will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- (6) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. There can be no assurance that the Adviser will identify or resolve all conflicts in a manner that is favorable to the Funds and the Funds' investors may not be entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

### *Allocation of Investment Opportunities Among Clients*

In connection with its investment activities, the Adviser will encounter situations in which it must determine how to allocate investment opportunities (including follow-on investments) among various clients and other persons, which include, but are not limited to, the following:

- The Funds (including those established for the purpose of participating in a "continuation transaction");
- Clients advised by the Adviser or its personnel in the future; and

- Any co-investors or co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the co-investors or investors in such co-investment vehicles which include employees, business associates and other “friends and family” of the Adviser or its personnel (“Adviser Investors”), individuals and entities that are also investors in one or more Funds, and/or individuals and entities that are not investors in any Funds (“Third Parties”)).

While the Funds generally are only permitted to invest in follow-on investments, to the extent the Adviser encounters a situation in which it must determine how to allocate investment opportunities, the Adviser makes allocation determinations consistent with the Funds’ Organizational Documents and in accordance with its written policies and procedures.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements are generally set forth in the Fund’s Organizational Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds and/or other parties are eligible to participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund’s investment objectives, strategies and structure, which are typically reflected in such Fund’s Organizational Documents. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Funds.
- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities. For example, the fact that the Funds are outside of their investment periods.

Once the Adviser identifies the Funds that are eligible to participate in a particular investment, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser will consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund’s investment objectives and investment focus;
- Transaction sourcing (and with respect to an investment opportunity originated by a third party, the relationship of a particular Fund to or with such third party);

- Each Fund's liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity);
- Each Fund's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity) and anticipated co-investment (if any);
- The size, liquidity and duration of the investment;
- Each Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- Composition of each Fund's portfolio and each Fund's investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics);
- The suitability as a follow-on investment for a current portfolio company of a Fund or to upsize an existing investment;
- Timing expected necessary to execute an investment;
- The use of leverage in the proposed capital structure;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- The centrality of an investment to a Fund's strategy;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax and accounting implications;
- Whether an investment opportunity requires additional consents or authorizations from the Fund, investors or Third Parties;
- Whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions.



- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the Organizational Documents of each Fund.

The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives. The Adviser makes allocation determinations based solely on the Adviser's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser has an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, the Adviser will not allocate investment opportunities among the Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. While the Adviser determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In addition, Adviser Personnel invest indirectly in and may be permitted to invest directly in Funds and therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

The Adviser and/or a Fund may invest in the securities offerings of a portfolio held by another Fund (including through initial public offerings), which would result in the Adviser and/or a Fund receiving an allocation of portfolio company securities. In addition to conflicts of interest arising from the allocation of such securities, this arrangement also leads to similar conflicts described below under "*Conflicts Related to Purchases and Sales.*"

A conflict also arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. In making such an allocation determination, the Adviser will consider some one or more of the factors set forth above and will make a determination in its good faith discretion.

#### *Allocation of Co-Investment Opportunities and Secondary Transactions*

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-

sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess will typically be offered to one or more co-investors pursuant to the procedures included in such Funds' Organizational Documents or, to the extent not addressed in such Funds' Organizational Documents, in accordance with the following paragraphs. There may be circumstances where the Adviser determines, for strategic or other reasons, the amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

The amount of Other Fees generated as a result of co-investments in connection with any portfolio company will often not reduce the Advisory Fees paid by the Funds and will therefore be retained by the Adviser. The allocation of co-investment opportunities will, in many or all cases, also involve a benefit to the Adviser in addition to the receipt of Other Fees, including the receipt of Advisory Fees or allocation of Carried Interest from the co-investor, and/or capital commitments to Funds (including successor Funds). As a result of the foregoing, the Adviser could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms.

A Fund's general partner and its affiliates are permitted to make capital commitments and/or contributions to co-investment opportunities and co-investment vehicles investing alongside the Funds. Such amounts so committed or contributed are permitted, at the option of the applicable Fund's general partner, to be deemed part of the amount the Adviser is otherwise required to contribute to the Funds. Any such amounts would be in full or partial satisfaction of amounts that would otherwise be invested in the Fund in respect of such investment, which could reduce the amount of such co-investment available to the limited partners. In addition, any such amounts invested by a Fund's general partner or its affiliates in co-investments alongside the Fund and deemed part of the amount the Adviser is otherwise required to contribute will result in the general partner and/or its affiliates contributing less to the Fund than the Adviser's capital commitment to such Fund would otherwise imply.

In addition, co-investment vehicles may be formed to make investments alongside a Fund. In such cases, the co-investment vehicle will have a priority right to make co-investments in some or all of the investments made by such Fund. The existence of such a priority right will significantly reduce or eliminate co-investment opportunities available to the investors.

Subject to any Investment Allocation Requirements or other specific agreements with an investor, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, (iv) certain persons other than investors in the Funds (e.g., other Funds managed by the Adviser, consultants, joint venture partners,

Adviser Investors, persons associated with a portfolio company and other Third Parties, including persons who the Adviser believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to the Adviser, a Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise), rather than one or more investors in a Fund, will from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors will generally purchase their interests in a portfolio company at the same time as the Funds or will on occasion purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgments of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgments if there is a co-investment opportunity. However, the Adviser has in the past agreed to give particular investors, Funds, or other third parties priority access to co-investment opportunities. The existence of such priority or other contractual co-investment access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser will consider some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required;
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's evaluation of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;

- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to the Adviser and assume a passive role in governing a portfolio company);
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- Whether the potential co-investment party will make commitments to invest in other Funds, (including concurrently with the applicable co-investment) as well as commitments to future funds raised by the Adviser;
- Whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Funds (i.e., a stapled co-investment opportunity); and

- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Adviser.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economics arrangement with such persons (including, for example, whether the Adviser and/or the applicable general partners are entitled, under arrangements made with certain potential co-investment parties, to additional Advisory Fees and/or Carried Interest based on the availability of co-investment opportunities offered to such parties). The Adviser expects that these factors will lead the Adviser to favor some potential co-investors over others with respect to the frequency with which the Adviser offers them co-investment opportunities. The Adviser also expects to allocate certain co-investors a greater proportion of an investment opportunity than others as a result of these factors.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);
- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

### *Conflicts Related to Purchases and Sales*

Funds from time to time invest in conjunction with other Funds, or in a transaction where another Fund has already made an investment. Conflicts may arise in connection with such investments. Investment opportunities are from time to time appropriate for more than one Fund at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, and the Adviser may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

Certain clients of the Adviser and its affiliates may invest in debt securities of companies in which other clients (or other investors in the same client) hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of such Fund will at times conflict with the interest of such other Fund (or other investors in the same Fund), particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio company. The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds will be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the Funds will at times provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. Investments by more than one Fund of the Adviser in a portfolio company also raise the risk of

using assets of a Fund of the Adviser to support positions taken by other Funds of the Adviser, or that a Fund may remain passive in a situation in which it is entitled to vote.

There may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition, where more than one Fund of the Adviser (or its affiliates) invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if the Adviser determines it is advisable for a Fund to exit an investment at the same time as another Fund of the Adviser or its affiliates, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments. In addition, investors may receive different consideration (for instance, investors in one Fund may receive cash whereas investors in another Fund may be provided the opportunity to receive distributions in-kind) which may impact the realized return ultimately received by each Fund.

Finally, in certain circumstances, if more than one Fund is participating in an investment, one Fund may bear more than its pro rata share of expenses relating to such investment if the other Fund or Funds does not have the resources to bear such expenses (including, for instance, as a result of insufficient reserves and/or the inability to call capital to cover such expenses).

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

The application of a Fund's Organizational Documents and the Adviser's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

From time to time the Adviser will, in its discretion, enter into transactions with investors in one or more Funds, prospective investors in a Fund, co-investors, Adviser Investors or Third Parties to dispose of, or "sell down," all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will comply with the requirements set forth in the Organizational Documents of the applicable Fund(s), or to the extent not addressed in the Organizational Documents of the applicable Fund(s), the Adviser may consider some or all of the factors listed above under "*Allocation of Co-Investment Opportunities and Secondary Transactions*." The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a

significant degree of judgment by the Adviser, and the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, which means the Adviser may not obtain the highest price for the transaction. Furthermore, subject to the Organizational Documents, the Adviser may charge (or may decide not to charge) a purchasing party interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable purchasing party. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s).

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to the Organizational Documents, the Adviser may charge (or decide not to charge) a co-investor (such as a Fund investor, an Adviser Investor or Third Party) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

The Funds from time to time enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a "reverse termination fee" to the seller entity. While certain co-investment vehicles with investments contractually tied to the Fund (including co-investment vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee (whether pursuant to the applicable Funds' Organizational Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Fund would be held responsible for the entire equity purchase price or reverse termination fee, as applicable.

The Funds, from time to time, co-invest with Third-Parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a Third-Party is not involved. Such risks include, among other things, the possibility that the Third-Party may have differing economic or business goals than those of the Fund, or that the Third-Party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such Third-Party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a Third-Party would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

#### *Cross-Transactions*

In certain cases, the Adviser will from time to time cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to



improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) will from time to time have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates generally receives management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Fund (or the Adviser as a result of its interests in a particular Fund), and one Fund may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, the Adviser may be incentivized to support a less successful portfolio company of an older Fund by causing a newer Fund with a longer remaining term and investment period to purchase a part or all of such portfolio company in order to provide the Adviser additional time to potentially manage it to a successful exit and increase the likelihood of the Adviser or an affiliate receiving Carried Interest. Conversely, the Adviser may be incentivized to sell an attractive investment in an older Fund to a newer Fund to increase the amount of fees received by the Adviser or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to the Adviser's consideration of the particular terms (including the fee terms) of the Funds and the Adviser's interest in such Funds. Such acquisition or merger may result in the acquiring entity purchasing a Fund's portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, the Adviser may wish to reduce the investment of one or more Funds in an investment and increase the investment of other Fund(s) in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds or through any other transaction structure (for example, distribution of portfolio company interests from one Fund and contribution of such interests to another Fund). Any costs and expenses associated with any such transaction will be borne by such Funds in accordance with such Funds' Organizational Documents and to the extent not addressed in the applicable Organizational Documents, on an allocation that the Adviser deems in good faith to be fair and reasonable.

To address these conflicts of interest, the Organizational Documents of certain Funds typically require consent of a specified percentage or group of limited partners prior to such Fund's entering into such a transaction. In the event that such consent is not required, the Adviser will follow any Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the Adviser's Operating Committee, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions. There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to each Fund or portfolio company nor is

there any assurance that such transaction will be equally or similarly profitable or advantageous to each participating Fund.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Adviser’s management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Organizational Documents of the Funds generally contain additional restrictions on the ability of the Funds or the Adviser to engage in principal transactions.

### *Continuation Transactions*

From time to time the Adviser may determine that it is in the best interest of a Fund holding the investment (the “selling Fund”) to transact with another Fund (the “purchasing Fund”) in order to provide the selling Fund’s investors with an option to either: (1) receive cash proceeds from the selling Fund’s sale or transfer of such portfolio company and/or (2) “roll” (i.e., retain) their interest in such portfolio company. These types of transactions are often referred to as “continuation transactions.” In connection with such continuation transactions, Adviser has in the past and is likely in the future to require the investors in the purchasing Fund to make an additional investment in a Fund or commit to invest a future Fund. In addition to those conflicts of interest described above under “*Cross Transactions*”, conflicts of interest arise in these continuation transactions because (i) the Adviser and its affiliates are charging investors in the purchasing Fund an Advisory Fee and Carried Interest (which economics are likely to be different than the selling Fund) and the transactions have the potential to result in the receipt of additional Advisory Fees and Carried Interest by the Adviser and its affiliates; (iii) the Adviser and Adviser Personnel are expected to have the ability to make material investments in the purchasing Fund, which may cause them to take actions that benefits the purchasing Fund; (iv) the Adviser is actively involved in negotiating the terms of the sale on behalf of the selling Fund, on the one hand, and the purchasing Fund, on the other hand (including allocation of expenses incurred in the transaction); and/or (v) of the requirement for an investor in the purchasing Fund to make an investment in a Fund or a commitment to invest in a future Fund, which (a) incentivizes the Adviser to favor such investors because of the potential for the Adviser and its affiliates to earn additional Advisory Fee with respect to any such investment or commitment to invest, and (b) could affect the price such investors offer to purchase the asset from the selling Fund. Additionally, conflicts of interest arise in continuation transactions as a result of the allocation of fees and expenses, because fees and expenses will be incurred in connection with the transaction, and the Adviser might determine to allocate bankers’ fees and certain other fees and expenses solely to selling investors and not to the “rolling investors” or “new investors” in the purchasing Fund or vice versa.

To the extent not addressed in a Fund's Organizational Documents, the Adviser will address conflicts of interest that arise in connection with continuation transactions as set forth above under "*Cross Transactions*."

### *Management of the Funds*

The Adviser manages a number of Funds that have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Funds. See "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" above. The Adviser may give advice or take actions with respect to, the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund generally may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that Adviser Personnel responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including funds raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these Adviser Personnel. Adviser Personnel have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better-performing Funds.

In addition, the Adviser receives and generates various kinds of portfolio company data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics, financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as "big data." This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends and financial opportunities, enhance and improve operations of portfolio companies and otherwise develop investment strategies or identify specific investment or business opportunities. The Adviser also intends to utilize such data for purposes of identifying new investments opportunities for the Funds. Information from a portfolio company owned by a Fund may enable the Adviser to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for the Adviser and other Funds that do not own an interest in such portfolio company, without compensation or benefit to such Fund or its portfolio companies. Further, data is expected to be aggregated across the Funds and their respective portfolio companies and, in connection therewith, the Adviser is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. The Adviser may also share data from a portfolio company of one Fund with a portfolio entity of another Fund, which may increase a competitive disadvantage for, and indirectly harm, such portfolio company. Portfolio companies

may incur incremental expenses in collecting and organizing information requested or required to be furnished to the Adviser (which expenses are indirectly borne by the Funds). The Adviser has in the past and is likely in the future enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. The Adviser has already and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use of distribution, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, the Adviser is generally free to use data and information from a Fund's activities in its sole discretion for the benefit of the Adviser and other Funds. The sharing and use of "big data" and other information present potential conflicts of interest and any benefits received by the Adviser or its personnel will not be subject to the Advisory Fee offset provisions or otherwise shared with a Fund or its investors. The Adviser has in the past and is likely in the future to utilize such information to benefit the Adviser, its Affiliates or certain Funds.

The Adviser and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow the Adviser, the Funds and the Funds' portfolio companies to better discern economic or other trends and developments. The Adviser believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across the Adviser's businesses and the Funds' portfolio companies. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and the Adviser. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Therefore, the Adviser and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefiting the Funds. As a result, the Adviser may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Adviser and/or investments held by other Funds. The Funds will from time to time enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the

investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund will from time to time participate in deleveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

### *Conflicts Relating to the General Partner and the Adviser*

The Adviser may compete against, or engage in business with (i.e., through co-investments and joint ventures) another investment adviser with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that the Adviser makes with respect to the Funds.

Adviser Personnel and other related persons of the Adviser and its affiliates may make capital investments in or alongside certain Funds. These investments may be at different times or in non-pro rata amounts, or in different classes or levels of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments.

By reason of their responsibilities in connection with other activities of the Adviser, certain Adviser Personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

In addition, Funds from time to time invest in securities of companies in which Adviser Personnel and other related persons of the Adviser and its affiliates have previously invested for their own accounts. Furthermore, Adviser Personnel and other related persons of the Advisers and its affiliates from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. While the significant interests of the Adviser Personnel generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflicts not existed.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. Adviser Personnel may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, the investing Adviser personnel will not

share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity.

In addition, Adviser Personnel may also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, venture capital funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds and/or which may invest in similar industries and sectors as the Funds (including investments for purposes of sourcing future investment opportunities). Such Adviser Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio companies as the Funds, and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. In the event Adviser Personnel make an investment with the intent to source future investments for the Funds, there is a greater likelihood that the Funds will make investments in the same portfolio companies in which Adviser Personnel hold an interest as described above. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

Certain Adviser Personnel have received incentive payments from certain portfolio companies based on performance metrics such as the internal rate of return “IRR” on particular transactions. The Funds and their limited partners have no rights to participate in any amounts received by such Adviser Personnel in connection with any incentive payments. As such, these incentive payments create certain conflicts of interest between the Funds, on the one hand, and certain Adviser Personnel, on the other hand, by entitling such Adviser Personnel to a share of the value received by a portfolio company with respect to a transaction that would otherwise have increased the value of portfolio company and, accordingly, the Funds’ interests therein. The incentive payments do not offset the management fees received by the Adviser. These conflicts of interest are generally referred to the advisory committee.

The transactions described above are subject to the policies and procedures set forth in the Adviser’s Code of Ethics, and investors will not benefit from any such investments.

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

From time to time, Adviser Personnel may invest in funds or other entities managed by limited partners of a Fund, which could incentivize such Adviser Personnel to afford the limited partner preferential or favored treatment, such as, for example, increased access to co-investment opportunities, and could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing portfolio companies.

### *Fee Structure*

Because the Advisory Fee is payable through liquidation of a Fund and there is a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive defer the realization of investments and/or to deploy capital when the Adviser would not otherwise have done so. Additionally, as discussed above in Item 6, the General Partners of the Funds other than a vehicle formed for the purpose of investments by the Adviser's personnel are entitled to Carried Interest under the terms of the Organizational Documents of such Funds. Such general partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

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

Pursuant to the Organizational Documents, the General Partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company. Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its Carried Interest and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition of investments).

### *Providers of Operations Support*

The Adviser, the Funds and/or the portfolio companies will from time to time retain other companies and individuals ("Operations Support Providers"), which include affiliates of the general partner, employees of such affiliates, portfolio companies of other of the Adviser's funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), "operating partners" or "senior advisors".

The Operations Support Providers are engaged to provide operational support, due diligence, research, sourcing, specialized operations and consulting services and similar or related services to the Funds, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies ("Operations Support Services"). These services may be high level insight or extensive day-to-

day roles, and may include support to the general partner on behalf of the Funds, or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operations Support Providers may be offered the ability (or may have a preferred right) to co-invest alongside Funds, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Pursuant to the Organization Documents, fees and expenses associated with Operations Support Services ("Operations Expenses") are paid and/or reimbursed by portfolio companies and/or the Fund. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider) will be determined at the discretion of the General Partner taking into account the particular Operations Support Services, may include an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in the Fund and/or portfolio company or other incentive-based compensation to the Operations Support Provider, and will otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the General Partner in its good faith discretion. Operations Expenses will from time to time also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services may be provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Expenses incurred in connection with such services are borne by the Fund. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to multiple Funds, such Operations Expenses will be allocated multiple Funds as determined by the General Partner in a fair and equitable manner. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by the Fund or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to the management company or its affiliates. The General Partner's good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors.

Although the use of Operations Support Providers and allocation of Operations Expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser



believes any such potential conflicts of interest are mitigated by the expected savings to the portfolio companies (and, in turn, the relevant Fund(s)) that will be applied if the cost of the Operation Support Provider is lower than market rates for the services provided, or if the services provided by the Operations Support Providers are consistent with the business strategy the Adviser has for the relevant portfolio company.

#### *Diverse Membership*

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually. In addition, certain limited partners have heightened rights with respect to certain aspects of the investment process such as valuation.

#### *Business with and among Portfolio Companies and Prospective Investors*

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of recommending the services of a portfolio company to other portfolio companies of the Funds, which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended are not necessarily the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

Portfolio companies controlled by a Fund from time to time provide services to the Adviser, certain Fund investors or prospective investors. This creates a conflict, as the Adviser has an incentive to cause the portfolio company to favor itself, or those investors or prospective investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against

assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

The Adviser and/or its affiliates from time to time engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much will be allocated to the Fund).

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner of a Fund will from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, the Adviser may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to a separate portfolio company owned by another Fund. The performance and operations of a competitor, customer or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company; withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price; increase its own prices, purchase assets from, or sell assets to, another portfolio company; commence litigation against another portfolio company; or prevent one portfolio company from commencing litigation against another portfolio company.

The Adviser and its affiliates have in the past hired part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

### *Service Providers*

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Adviser or its affiliates. This can create a conflict of interest because the Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal

sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Funds, and, accordingly, certain costs may be incurred by a Fund for a third-party service provider that are not incurred for comparable services by other Funds. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future, and the Adviser has no obligation to inform such Funds or investors of such a change. Such services may also supplement or be performed alongside services performed by the Adviser. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the relevant Funds.

If a service provider provides services to a Fund on the property of the Adviser, such Fund may also be responsible for any overhead, rent or other fees, costs and expenses charged by the Adviser in connection with an on-site arrangement.

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers or their affiliates are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel, pension consultants, and/or other investors who provide services (including mezzanine and/or other lending arrangements). The engagement of any such service provider may be concurrent with an investor’s admission to a Fund, or during the term of such investor’s investment in the Fund. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in a Fund, enhanced information or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. In addition, the Adviser will have a conflict of interest in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates, will provide other services that are beneficial to the Adviser and/or will provide financial sponsorship of events held by the Adviser (such as transaction closing dinners or outings, or informational summits or training events for the Adviser or portfolio company personnel). The Adviser generally has an incentive to recommend the products or services of certain investors or prospective investors in the Funds to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies. Additionally, Adviser Personnel, and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company.

In addition, service providers, often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by the Funds and/or its portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there are conflicts of interest. Members of the law firms engaged to represent the Funds are often investors in a Fund, and will at times also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties will engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation will often be required. Additionally, the Adviser and the Funds and the portfolio companies of the Funds will from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

#### *Positions with Portfolio Companies*

Employees of the Adviser serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Such employees are prohibited from receiving consulting, management or other fees personally from portfolio companies, but will in certain circumstances be compensated indirectly for such services when provided by an affiliate of the Adviser. In addition, employees of the Adviser have in the past and may in the future on occasion leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company.

Decisions made by a director may subject the Adviser, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims.

#### *Side Letter Agreements; Advisory Committee Rights*

To the extent permitted under applicable law, the Adviser routinely enters into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights. Except as otherwise agreed with an investor, and to the extent permitted under applicable law, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund. Also, investors will have no recourse against a Fund, the applicable Fund's general partner, the Adviser or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

Generally, each Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives of the advisory committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be a member of another Fund's advisory committee. In such instances, a conflict of interest exists because the Funds on which such overlapping advisory committee members may have conflicting interests and such advisory committee members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

#### *Other Potential Conflicts*

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

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points," rebates, or credit in loyalty/status programs to the Adviser and/or its personnel, and such benefits,

rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for an Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser has in the past and may, in its discretion, in the future cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their portfolio companies typically bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there is a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Funds may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company ("Holding Company") would be created that would acquire and manage the companies in the platform. The investments in the Holding Company may be managed together (including, for example, the use of common service providers, combined and/or otherwise sold together as part of a single transaction or series of related transactions). The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. In certain circumstances, such Holding Company employees may include former employees of the Adviser, or current or former senior advisors or consultants to the Adviser and its affiliates. All of the Holding Company's costs and expenses, initial or ongoing and for any purpose, including compensation for its personnel (which compensation may include, among other things, salary, benefits, retainers and the granting of profit participation in certain investments of Holding Company and/or a capital interest in such investments or the underlying assets), overhead expenses (including, without limitation, rent, property taxes and utilities allocable to the workspaces) and all expenses related to sourcing would be borne by the Holding Company (and, therefore, indirectly borne by the Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest from the Fund, the Adviser will benefit from the assets, income and gains of Holding Company.

The Adviser from time to time causes one or more Funds to purchase and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or Adviser Personnel and their respective agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This would include a portion

of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

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

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

Please see the discussion above under the sub-heading “Resolution of Conflicts” for a description of the means by which the Adviser and its related persons generally seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

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

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

For each of the Funds, the Adviser has, subject to the direction of such Fund’s general partner, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek “best execution” of the transaction. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the

transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's investment team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's investment team, in consultation with the Adviser's CCO, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

The Adviser does not receive "soft dollars" in connection with its use of broker-dealers.

### **Aggregation of Trades**

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

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

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

### **Oversight and Monitoring**

Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Directors and other investment professionals of the Adviser. Moreover, the Adviser has a separate group designated to monitor portfolio company performance. This group provides a second level of services to each client portfolio company on a periodic basis.



The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund after the fiscal year end of such Fund, as well as quarterly performance reports after each fiscal quarter end. The Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons will, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

The Adviser has in the past and may from time to time in the future engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally have received a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Alternatively, the Adviser has from time to time paid a placement agent a portion of the Carried Interest received by the Adviser. Such Fund will bear the costs of such placement agent fees, subject to any limitations set forth in its Organizational Documents, reimburse such fees. Advisory Fees received by the Adviser are generally reduced by the amount of such fees paid by such Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

### **Item 15. Custody**

Item 15 is not applicable to the Adviser.

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

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Organizational Documents of the applicable Fund.

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

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds ("Votes"). The guiding principle by which the Adviser votes all Votes is to vote in the best

interests of each Fund by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant Fund's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and any other relevant facts and circumstances the Adviser determines to be appropriate at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser's Operating Committee or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser's Vote.

All Voting decisions with respect to the Funds are referred to the applicable Adviser's Operating Committee for a voting decision. The Adviser's Operating Committee will make the decision as to the appropriate vote for any particular Vote. In making such decision, it will generally rely on any of the information and/or research available to it. If the Operating Committee is unable to arrive at an agreement as to how to vote, then the Operating Committee may consult with the Adviser's Chief Compliance Officer as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The Adviser's Operating Committee has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser's Operating Committee in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that presents a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's Operating Committee will use its best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's Operating Committee deems appropriate in his or her sole discretion, unaffiliated third parties will be used to help resolve conflicts or to otherwise assist the Adviser in fulfilling all or part of its voting obligations. In this regard, the Adviser can retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to which Voting and/or consent powers may be delegated in accordance with its proxy voting policies and procedures.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request

to Walter Wiacek, Chief Compliance Officer, at Fenway Partners, LLC, 108 Airport Road, Suite 103, Westerly, RI 02891.

**Item 18. Financial Information**

Item 18 is not applicable to the Adviser.

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

Item 19 is not applicable to the Adviser.