

# MSD PARTNERS, L.P.

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Part 2A of Form ADV: Firm Brochure

March 28, 2024

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

**Additional information about the MSD Partners, L.P. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

## **ITEM 2**

### **MATERIAL CHANGES**

MSD Partners, L.P. believes that there have been no material changes to its brochure since its last update filed March 31, 2023.

MSD Partners, L.P. routinely makes updates throughout its brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry practices.

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## **ITEM 4**

### **ADVISORY BUSINESS**

#### **General Description of Advisory Firm**

MSD Partners, L.P. (the “Adviser”) is an investment firm focused on maximizing long-term capital appreciation across its core areas of investing expertise – Private Credit, Real Estate Equity and Growth Equity – while still managing legacy private capital investments. It was founded in 2009 by principals of MSD Capital, L.P., the family office that was established in 1998 to exclusively manage the capital of Dell Technologies, Inc.’s founder and Chief Executive Officer, Michael Dell, and his family. The Dell family office has since been reestablished under the name DFO Management, LLC (“DFO Management”). Michael Dell is a substantial investor in certain Clients (as defined below) managed by the Adviser, but neither controls nor is involved in the day-to-day management of the Adviser. The Adviser is registered as an investment adviser with the SEC.

In January 2023, in connection with the business combination of the Adviser and BDT & Company Holdings, L.P., which was renamed BDT & MSD Holdings, L.P., (“BDT & MSD Holdings”), the Adviser became a subsidiary of BDT & MSD Holdings and an affiliate of BDT Capital Partners, LLC (“BDT Capital”), an SEC-registered investment adviser, and BDT & MSD Partners, LLC (“BDT & MSD”), an SEC-registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”). The direct owners of the Adviser are MSD Partners (GP), LLC and BDT & MSD Holdings. Except where otherwise noted, references herein to the Adviser do not include BDT Capital or any general partner, managing member or similar entity with respect to clients of BDT Capital.

#### **Description of Advisory Services**

The Adviser provides investment management services to its advisory clients, which comprise various private funds, including pooled investment vehicles and single investor funds, separately managed accounts and MSD Investment Corp., an investment vehicle that has elected to be treated as a business development company under the Investment Company Act of 1940, as amended (the “Investment Company Act”) (each, a “Client” and collectively, “Clients”). The Adviser’s investment advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of its Clients, managing and monitoring the performance of such investments and disposing of such investments. The Adviser generally serves as the investment adviser to its Clients on a discretionary basis.

The advisory relationship between each Client and the Adviser is governed by their respective investment management agreement (each, a “Management Agreement”). Investment advice is provided directly to Clients and not individually to the limited partners or members (hereinafter together referred to collectively as “investors”) in Clients. Investment restrictions for Clients, including investment objectives and guidelines, if any, are set forth in each Client’s governing documents, which include, but are not limited to, the applicable private placement memorandum, prospectus, limited partnership agreement, limited liability agreement, Management Agreement or side letter (such documents collectively, “Governing Documents”).

All discussions of the Clients in this Brochure – including, but not limited to, their investments, the strategies used in managing the Clients, the fees and other costs associated with an

investment in the Clients, the risks associated with making an investment in the Clients, and conflicts faced by the Adviser and its affiliates in connection with managing the Clients – are qualified in their entirety by reference to each Client’s respective Governing Documents. Moreover, the Adviser has and will enter into agreements, such as side letters, with certain underlying investors that in certain cases will provide for terms of investment or access to information that are more favorable than the terms provided to other underlying investors of the same Clients.

The Adviser does not participate in wrap fee programs.

As of December 31, 2023, the Adviser had approximately \$20,263,321,799 billion in assets under management on a discretionary basis and \$3,853,612,158 in assets under management on a non-discretionary basis. This amount reflects regulatory assets under management as calculated in Part 1 of our Form ADV.

## ITEM 5 FEES AND COMPENSATION

### **Advisory Fees and Compensation**

A full list of fees and expenses applicable to each Client, including the terms under which such fees and expenses will be paid, reduced, offset or otherwise limited, are set forth in detail in each Client's Governing Documents. A brief summary of such fees and expenses is provided below.

#### *Management Fees*

Client investors generally pay the Adviser a quarterly management fee for investment management services that is deducted from the investor's capital account in advance or in arrears based on the gross asset value of each investor's shares or interests (the "Management Fee"). Management Fees for Clients are charged on a quarterly or an annual basis and when paid in advance Clients could be entitled to a refund of Management Fees depending on the facts and circumstances. In no event shall Management Fees be paid to the Adviser six months or more in advance. In the event that an investor makes a capital contribution to a Client other than as of the first day of a quarter, a *pro rata* portion of the quarterly Management Fee in respect of such investor, based on the actual number of days or months remaining in such partial quarter, will be paid to the Adviser by the investor. In the event that an investor's gross asset value is reduced in connection with a withdrawal or redemption other than as of the last day of a quarter, the Adviser generally will repay the investor an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days or months remaining in such quarter. In the sole discretion of the Adviser or its affiliates, the Management Fee will be waived, reduced or calculated differently with respect to certain underlying investors in Clients or separately managed account investors, the general partner or partners, members, personnel or affiliates of the Adviser, and each of their respective family members, trusts, charitable programs, endowments, foundations or other entities established by or for the benefit of such person or his or her family members (each a "Related Investor").

#### *Performance-Based Allocations*

Generally, at the end of each Client's fiscal year or other time period as specified in the Client's Governing Documents, the Adviser or an affiliate of the Adviser is entitled to an incentive allocation based on the net capital appreciation (which generally includes both realized gains and losses and unrealized appreciation and depreciation of securities held in each Client's portfolio) allocated to an investor's capital account for such fiscal year after deducting the Management Fee and other expenses debited to such investor's capital account for such fiscal year, subject to a loss carry forward mechanism (the "Incentive Allocation").

In the event that a Client is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time, net capital appreciation will be determined as if such dates were the end of the fiscal year or other time period specified in the Client's Governing Documents, subject to certain adjustments. In the sole discretion of the Adviser or an affiliate of the Adviser, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including (without limitation) Related Investors.

Certain Clients may have side pocket investments which are investments that the Adviser has decided to segregate due to specific characteristics of these investments (e.g., the investments are riskier, illiquid or lack a readily accessible market value) (each, a “Side Pocket”). To the extent Clients have a Side Pocket, the proceeds received in connection with any realized investment that the general partner previously designated as a Side Pocket or the value of a deemed realized Side Pocket will be credited to the Side Pocket account participating in the applicable Side Pocket at the end of the accounting period in which the Side Pocket is realized (or deemed realized). The proceeds of a realized Side Pocket (or the value of a deemed realized special investment) will then become part of the participating investor’s capital account (after accounting for Management Fees and expenses and any Incentive Allocation with respect to such Side Pocket) based upon their interest in such Side Pocket account.

Additional information related to the nature and timing of the fees the Adviser charges its Clients is provided in the relevant agreement between the Adviser and the particular Client (as well as in the Governing Documents, as applicable).

#### *Transaction-Based Compensation*

In connection with certain portfolio investments made by Clients, the Adviser or its affiliates will receive arrangement, origination, agency, acquisition, transaction, commitment, amendment, waiver, modification, directors’, “break-up,” extension, financing, monitoring, consulting, advisory and similar fees from portfolio investments in which one or more Clients invest or propose to invest. In addition, the Adviser or its affiliates may receive transaction fees from certain affiliated Clients for activities related to Client transactions, such as loan originations. In certain instances, the terms of these arrangements provide for an acceleration of future fees to be paid to the Adviser upon termination. Except with respect to agency fees, which are generally retained by the entity serving as agent with respect to such investment, such fees received or to be received by Adviser or its affiliates are generally waived or offset in whole or in part against Management Fees paid by the Client. However, in certain instances, subject to the terms of the applicable Client’s Governing Documents, the Adviser will retain a portion of such fees without a corresponding Management Fee offset. These types of arrangements present potential conflicts of interest and may provide BDT & MSD employees with an incentive to recommend investments based on compensation received or to be received rather than making an investment decision based solely on the best interests of a Client. Please refer to the Governing Documents of the applicable Client for complete information on additional compensation received by the Adviser or its affiliates in connection with services related to portfolio investments and any offsets against Management Fees.

Furthermore, neither the Adviser nor any of its supervised persons accept compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

### **Expenses**

#### *Client Expenses*

As set forth in the applicable Client’s Governing Documents, a Client will bear fees, costs and expenses associated with the organization, offer and sale of interests in such Client (“Organizational Expenses”) as well as direct and indirect fees, costs, expenses resulting from the operations and investments made by such Client (“Operating Expenses”). The

Organizational and Operating Expenses of a particular Client include, without limitation, the following fees, costs, and expenses:

- (i) investment expenses (e.g., expenses that, in the relevant general partner's, the Adviser or its affiliates' discretion, are related to applicable Client's investments whether or not such investments are consummated, such as costs, fees and other out-of-pocket expenses directly related to:
  - a. the evaluation, discovery, and diligence of investment opportunities (whether or not consummated);
  - b. research-related expenses, including, without limitation, news and quotation equipment and services and trading related computer hardware and software expenses, market data services, fees to third-party providers of research and/or portfolio risk management services and software and brokerage costs and fees;
  - c. sourcing, negotiation, structuring, acquisition, settlement, ownership, trading, monitoring, financing (including all amounts borrowed pursuant to a commitment facility, if applicable), hedging or sale of its investments and other transaction costs;
  - d. travel expenses (for conducting diligence on investments, meeting management of existing or prospective investment targets), such as costs and expenses of accommodations, meals, entertainment and aircraft travel (including first or business class commercial airfare), and expenses of private air travel when deemed appropriate by the general partner in its reasonable discretion (taking into account travel restrictions or protocols recommended by government authorities (in respect of health reasons or otherwise), the available flights to and from the same destination, and the departure and arrival times thereof);
  - e. transaction fees, broken-deal expenses (including broken-deal expenses relating to transactions that have been offered to co-investors), loan administration and loan servicing expenses, expenses incurred in collection of monies owed a Client;
  - f. costs or expenses related to currency conversion in the case of investments denominated in currency other than U.S. dollars, consulting, advisory, investment banking, sourcing, finder's, legal, filing, corporate licensing, valuation, and other professional fees (and similar payments and compensation) relating to investments or contemplated investments, clearing and settlement charges, custodial fees, interest expenses, appraisal fees and expenses, and valuation and appraisal fees and expenses; and
  - g. costs of all subsidiaries, investment vehicles, alternative investment vehicles and other vehicles and special purpose vehicles through which investments are held or managed (including REIT subsidiaries or subsidiaries treated as taxable "C" corporations or subsidiaries thereof), including costs associated with establishing and administering such entities, admitting investors



thereto, establishing, changing or maintaining residence in certain jurisdictions (including rent for office space, related overhead, board of directors expenses and employee salaries and benefits) and winding up and dissolving such entities.

- (ii) certain compliance and reporting expenses, legal expenses, trade order management expenses;
- (iii) certain expenses payable to third parties, including agents, consultants, or other advisers, in monitoring financial and legal affairs for the Client;
- (iv) incurrence of leverage and indebtedness for a Client, including borrowings, dollar rolls, reverse purchase agreements, credit facilities, securitizations, margin financing and derivative swaps, and including any principal and interest on a Client's borrowings and indebtedness (including, without limitation, any fees, costs, and expenses incurred in obtaining lines of credit, loan commitments, and letters of credit for the Client and in making, carrying, funding and/or otherwise resolving investment guarantees);
- (v) costs incurred in connection with investor relations, board of directors relations, and preparing for and effectuating the listing of a Client's common stock on any securities exchange;
- (vi) implementing or maintaining third-party or proprietary software tools, programs, or other technology for the benefit of a Client (including, without limitation, any and all fees, costs and expenses of any investment, books and records, portfolio compliance and reporting systems, general ledger or portfolio accounting systems and similar systems and services, including, without limitation, consultant, software licensing, data management and recovery services fees and expenses);
- (vii) independent directors' fees and expenses, including reasonable travel, entertainment, lodging and meal expenses, and any legal counsel or other advisers retained by, or at the discretion or for the benefit of, the independent directors;
- (viii) costs of any reports, proxy statements or other notices to shareholders, including printing and postage expenses;
- (ix) fidelity bond, directors and officers/errors and omissions liability insurance, and any other insurance premiums;
- (x) costs incurred in connection with the formation or maintenance of entities or vehicles to hold Client assets for tax or other purposes;
- (xi) fees, costs, and expenses of winding up and liquidating a Client's assets;

- (xii) calculation of net asset value for applicable Clients (including cost and expenses of an independent valuation firm);
- (xiii) accounting, audit, tax preparation and other tax-related expenses (including preparation costs of financial statements, tax returns, reports to the partners and Schedules K-1);
- (xiv) expenses relating to obtaining liability and fidelity insurance for directors and officers, the relevant general partner, the investment manager and their respective partners, members, and employees;
- (xv) certain taxes and government registration fees;
- (xvi) fees and expenses of the board of directors or advisory committee, if applicable, including expenses related to meetings thereof;
- (xvii) printing and mailing costs, and expenses relating to transfers of interests in a Client;
- (xviii) the Management Fee, administration fees and related costs (including fees to the third-party administrator);
- (xix) any costs and expenses of warehousing an investment and the subsequent conveyance of any warehoused investment as well as the redemption of any seed commitment;
- (xx) all costs and expenses incurred in connection with the preparation of amendments to the Governing Documents or any alternative investment vehicle;
- (xxi) all costs and expenses associated with a defaulting investor (but only to the extent not paid by the applicable defaulting investor);
- (xxii) all costs and expenses incurred by the general partner (or its designee) in connection with serving as a “partnership representative” of the Client;
- (xxiii) all fees payable to placement agents;
- (xxiv) all costs and expenses of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to a Client’s strategy, including administering side letters entered into with an investor, and distributing and implementing applicable elections pursuant to any “most

favorable nations” rights in side letters and any environmental, social and governance obligations or other standards;

- (xxv) the termination, liquidation, winding up and dissolution of the Client;
- (xxvi) brokerage, sale and depository expenses (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive);
- (xxvii) expenses associated with a Client’s compliance with applicable laws and regulations (including regulatory filings as they relate to the Client’s activities, out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of a Client or the Adviser that are attributable to the operation of such Client or requested by one or more investors in a Client);
- (xxviii) the Client’s allocable share of any costs and expenses of the Advisory Board (as defined below); and
- (xxix) extraordinary expenses (including actual, threatened or otherwise anticipated litigation or other proceedings and indemnification expenses).

Affiliates of the Adviser have an advisory board (the “Advisory Board”). The Advisory Board comprises business professionals from a wide range of fields who provide strategic advice and counsel to affiliates of the Adviser, affiliated clients and/or portfolio companies, which includes adding value to the clients’ capital deployment process, providing investment leads and assisting with due diligence, serving on portfolio company boards and co-hosting network events for affiliates of the Adviser. In certain circumstances, the Advisory Board may provide similar strategic advice and counsel to the Adviser, its Clients and/or portfolio investments. To the extent permitted under Clients’ Governing Documents, each Client may bear its allocable share of any costs and expenses of the Advisory Board.

The Adviser also has relationships with experienced executives, senior advisors, consultants and other similar professionals with relevant sector-specific expertise, operating or other experience who are former employees or are not employees or affiliates of the Adviser and who receive payments from, or allocations with respect to, portfolio investments, the Adviser or a Client. These individuals provide several benefits to the investment process and to portfolio investments, including serving as a source of proprietary deal flow and contacts, identifying operational opportunities and pitfalls during the due diligence process, providing sector-specific operational and competitive insight, providing direction and oversight post-acquisition, serving in an executive or board capacity, and helping to build and mentor management teams. In certain instances, these advisors may be a co-investor in a company to which the advisor is providing services or has provided services previously.

In certain cases, these advisors have certain attributes of BDT & MSD employees (e.g., they may participate in general meetings) even though they are not considered BDT & MSD employees, affiliates or personnel for purposes of the Governing Documents. If such an advisor is engaged to provide services to a Client or a portfolio investment, or as an officer or member

of the board of directors of a portfolio investment, a Client and/or the applicable portfolio investment will pay for and bear all or a portion of these costs of services at rates determined in good faith by the Adviser or the portfolio investment, as applicable. In certain cases, the amount payable by a Client or the Adviser will be offset by the amount paid by a portfolio investment. For purposes of this Brochure, “BDT & MSD employees” shall include employees employed by BDT Capital and its advisory affiliates that provide services to the Adviser, its Clients or the Adviser’s affiliates. “BDT & MSD personnel” shall include BDT & MSD employees as well as other personnel who provide services to the Adviser, its Clients or the Adviser’s affiliates.

The compensation paid to such an advisor could be comprised of various types of arrangements, including one or more of the following: (i) retainers and annual fees, (ii) carried interest distributions and/or other profit-sharing arrangements, including profits realized in connection with the disposition of a single asset and (iii) other types of fees, bonuses and compensation not otherwise specified above. None of the compensation received by such persons, whether in the form of cash or equity, will reduce the Management Fee payable by the Client. In addition, one Client may bear a greater share of the advisor’s minimum compensation due to the utilization of such advisor’s services by such Client at a time when fewer Clients are utilizing such advisor. Furthermore, such advisors may be provided other compensation and benefits from the Adviser, including opportunities to co-invest with Clients in particular investments or other compensation from a portfolio investment (which, as noted above, would not offset the Management Fee), and/or opportunities to invest in Clients on advantageous terms (e.g., without paying a Management Fee or carried interest). The Adviser will transition certain former employees to advisors or consultant status and vice versa, and the individual may retain the compensation received in such capacities prior to such transition. In addition, certain individuals will also be engaged by a Client or the Adviser as consultants to provide industry or other expertise on a deal-by-deal basis and will have certain of the attributes of an advisor described above but generally will not have ongoing relationships with the Adviser or its Clients.

While some closed-end Clients incur an annual charge (typically 10 bps) for internal legal and administration work related to a Client’s structuring and investments, other Clients, subject to the applicable Governing Documents, will bear a portion of compensation and overhead costs (otherwise payable by the Adviser), for administration, tax advisory, compliance, legal, finance and administration services provided by BDT & MSD personnel to the applicable Client based on an approximation of time spent. Such services typically consist of services that would otherwise be provided by a third-party whose fees, costs and expenses would be paid by the Client and will require BDT & MSD personnel to allocate their historical time spent on at least a monthly basis with respect to a Client or its general partner. Determining such charges based on an annual charge or an approximate allocation, rather than time recorded on an hourly or similar basis (which will not be undertaken), could result in the Client being charged a different amount (including relative to another Client), which could be higher or lower, than would be the case under a different methodology. In addition, the application of an annual charge or an approximation of time spent could result in the incurrence of greater expenses by the Client than would be the case if such services were provided by third parties at market rates. Further, in certain instances a Client’s Governing Documents restrict the allocation of any of the foregoing amounts to it. In these cases, such a Client could bear none of the above expenses or less than its proportionate or relative share of these expenses. In circumstances where this occurs, Clients whose Governing Documents are not restrictive could bear more of these expenses than they otherwise would have.

### *Allocation of Expenses*

The Adviser is required to decide whether certain fees, costs and expenses should be borne by a Client, 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 Clients and/or other parties, including clients of affiliates, BDT Capital and in certain instances, DFO Management. The Adviser has adopted policies and procedures for the allocation of such fees and expenses among Clients and/or such other parties referenced above although the policies and procedures may change and differ materially from those described below.

Certain expenses may be the obligation of one particular Client and may be borne by such Client or, expenses may be allocated among multiple Clients and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser will be faced with various potential conflicts of interest. For example, in allocating an investment opportunity among Clients with differing fee, expense and compensation structures, the Adviser will have an incentive to allocate investment opportunities to the Clients from which the Adviser or its related persons 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 investment, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Clients in accordance with each Client's Governing Documents or, to the extent not addressed in such Governing Documents, generally *pro rata* based on each Client's share of the investment. For expenses that are not related to investments, where the Adviser determines that a fee, cost or expense is allocable among multiple Clients, the Adviser generally determines, subject to the Clients' Governing Documents, such allocation based on the net asset value of such Clients plus uncalled commitments (as applicable), which is determined quarterly. Such allocation method could result in greater allocations to Clients than if another methodology was used, such as based on capital commitments.

The appropriate allocation of Dead Deal Costs (as defined in Item 6 below) between Clients and other persons will be determined by the Adviser in accordance with the applicable Governing Documents. If multiple Clients evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated while evaluating such investment among such Clients based on the anticipated investment of each Client. Such expenses typically are not allocated to co-investment vehicles.

With respect to allocating other expenses among Client(s), co-investment vehicles, BDT & MSD personnel and/or third parties, as appropriate, to the extent not addressed in the Governing Documents of a Client, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, despite its interest (if any) in the allocation. See Item 6 "*Co-Investments*." The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Despite the Adviser using its good faith judgment to allocate expenses in a fair and reasonable manner, expenses are not guaranteed to reflect the benefit derived from a Client in connection with the incurrence of the expenses.

The Adviser enters into arrangements with third-party advisers, consultants, and finders who provide services relating to deal-sourcing and investment opportunities, for which such

advisers, consultants, and finders are paid compensation (including non-cash compensation, such as equity) or other fees. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Client(s) consistent with the allocation process described above.

## **ITEM 6**

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

#### **Performance-Based Fees**

The Adviser and its affiliates receive performance-based compensation (e.g., Incentive Allocations, incentive fees or carried interest). Performance-based compensation payable to the Adviser or its affiliates is distributable as investments are realized, whether on a deal-by-deal basis, portfolio as a whole basis or as otherwise described in the payment terms and other conditions set forth in the applicable Client's Governing Documents. Any share of profits paid to the Adviser or its affiliates by a Client is separate and distinct from the Management Fee charged by the Adviser for advisory services. BDT & MSD's personnel will generally not pay such performance-based allocations with respect to their direct or indirect investments in Clients.

Performance-based compensation and allocation arrangements create an incentive to favor accounts from which affiliates of the Adviser receive greater performance-based compensation (or which have no high-water mark) over accounts from which affiliates of the Adviser receive less performance-based compensation. In addition, there is the incentive for a general partner to make more speculative investments on behalf of a Client than it would otherwise make in the absence of such performance based compensation arrangement, or to trade more aggressively for some Clients than others or invest in riskier assets on behalf of one Client as compared to another in an effort to maximize the profits for those Clients in which the Adviser or its affiliates would share through an Incentive Allocation. However, the Adviser generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Client's life or at certain interim intervals.

The Adviser has adopted allocation policies and procedures (as described in Item 11) to help mitigate conflicts of interest relating to the management of multiple Clients with varying types of fee arrangements.

#### **Side-by-Side Management**

The Adviser provides advisory services to Clients for which the investment mandates, compensation and fee arrangements (including with respect to performance fees and fee offsets) and other circumstances differ from Client to Client. This creates a potential conflict of interest with respect to the allocation of investment opportunities, as Clients that pay higher fees will create an incentive to direct investment ideas to, and/or to allocate investments in favor of such Clients. In addition, the Adviser enters into strategic accounts directly or indirectly with investors that commit significant capital into a particular Client. Such arrangements often include the Adviser granting certain preferential terms to these investors, including a waiver or reduction of Management Fees or performance fees or carried interest, that are lower than those applicable to Clients in which such investors invest. Where any such accounts invest in a Client, such indirect preferential terms (or other preferential terms set forth in the Governing Documents) are generally not subject to the Client's "most favored nation" provisions.

## Co-Investments

Co-investments can occur when an investment is shared between a Client, clients of an affiliate, and one or more third-party investor, including an investor in a Client, DFO Management, senior investment professionals and/or other BDT & MSD personnel (such persons invited to participate in a transaction by the Adviser collectively referred to as “Co-Investors”). The Adviser reserves the right to allocate co-investment opportunities in its sole discretion and considers a range of factors, including (but not limited to) (i) the strategic value of a potential Co-Investor to the underlying investment opportunity, the applicable Client and future Clients; (ii) the transparency and predictability of the potential Co-Investor’s investment process; (iii) whether the potential Co-Investor has the financial, operational and other resources to evaluate and make the investment; (iv) historical co-investment experience with the potential Co-Investor; (v) tax and legal characteristics of a potential investment and Co-Investor and regulatory, securities laws or other legal considerations (e.g., qualified purchaser status); and (vi) a willingness of a potential Co-Investor to pay management fees and/or carried interest and to bear its portion of expenses related to the co-investment opportunity; (vii) size of the investment allocation and practicality of dividing it up among multiple Co-Investors; (viii) lender requirements; (ix) perceived public relations and reputational benefits or costs; and (x) whether the Adviser believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio investment, other portfolio investments, the Clients or the Adviser. Such investment opportunities can arise when the opportunity exceeds the amount appropriately allocated to one or more Client under the applicable investment strategies, otherwise falls outside of a Client’s investment mandate, or exceeds a Client’s investment parameters (e.g., capacity for illiquid investments or diversification limits on geography, industry, asset-class or sector).

The Adviser has not provided contractual priority co-investment rights to its investors. The Adviser in limited circumstances enters into certain agreements pursuant to which the Adviser will agree to offer available co-investment opportunities to specific Co-Investors; however, the Adviser is under no obligation to provide co-investment opportunities and may offer an investment opportunity to one or more of the categories of Co-Investors without offering such opportunity to the other categories. In such circumstances, the size of the investment opportunity otherwise available to Clients may be less than it would otherwise have been. Certain Co-Investors investing with a Client may invest on different (and more favorable) terms than those applicable to the Client and may have interests or requirements that conflict with and adversely impact the Client (for example, with respect to their liquidity requirements, available capital, the timing of acquisitions and disposals, or control rights). In addition, a Co-Investor may be in a position to take a contrary action to a Client’s investment objective. See Item 11 for additional information on allocation of co-investment opportunities.

With respect to consummated co-investments, the Adviser will seek to cause Co-Investors to generally bear their *pro rata* share of fees, costs and expenses related to the discovery, investigation, due diligence, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments; provided, however, that in determining such amounts, the fees, costs and expenses expended directly by such Co-Investors may be taken into account in allocating aggregate costs on a fair and reasonable basis. With respect to a proposed co-investment that is not consummated, the Adviser may seek to cause Co-Investors that commit to participate in such proposed co-investment to bear their share of any fees, costs or expenses that were incurred in connection with such proposed co-



investment, including “break-up” fees or broken deal expenses (“Dead Deal Costs”). However, in instances, where Co-Investors have not yet committed to a proposed co-investment, any such Dead Deal Costs will generally be considered Operating Expenses and be borne by the (committed or investing) Client to the extent the applicable Governing Documents of such Client permit such treatment or where disclosure of such treatment was made to its investors prior to their investment therein. This may result in a Client bearing more than its *pro rata* share of Dead Deal Costs. Similarly, co-investment vehicles (and Co-Investors) are not typically allocated any share of “break-up” fees paid or received in connection with such an unconsummated transaction. The Adviser will evaluate the facts and circumstances including, without limitation, timing of the transaction, benefit to the Client to have Co-Investors participate in a particular transaction and relative negotiating power. The Adviser will have discretion in determining whether a particular allocation among Clients and Co-Investors or co-investment vehicles is fair and equitable. This discretion creates a potential conflict of interest as it may have incentive to allocate expenses to a particular Client over another Client and it may result in a Client bearing more than its *pro rata* portion of certain fees, costs and expenses (including Dead Deal Costs). In the event that Co-Investors participate in a co-investment through one or more co-investment vehicles, they may generally bear their *pro rata* share of the aggregate Organizational Expenses of all such vehicles. Finally, some of the Co-Investors with whom Clients may co-invest have pre-existing investments with the Adviser, and the terms of such pre-existing investments may differ from the terms upon which such persons may invest with Clients.

Dead Deal Costs may include, among other things, legal, accounting, advisory, consulting or other third-party expenses and travel and travel-related expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any “break-up” fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (e.g., client diligence) investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Clients, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

Certain Clients will incur certain ongoing expenses that benefit a co-investment vehicle, Co-Investor (for instance, insurance premiums) or other Client. In such instances, these ongoing expenses will be borne solely by the applicable Client or Clients and will not be borne by any benefiting co-investment vehicle, Co-Investor, or other Clients not yet launched at the time of the expense allocation.

### **Over-Commitment**

To facilitate the acquisition of an investment, the Adviser or its affiliates could cause one or more of Clients to make (or commit to make) an investment that exceeds the desired amount with a view to selling a portion of such investment to Co-Investors, Clients or other persons prior to or after the initial commitment or closing of the acquisition. The sale to Co-Investors, Clients or other persons will occur either at a previously agreed-upon price or, in the absence of a previously agreed-upon price, at the market value of the investment at the time of sale, and such market value may be fair value as determined by the Adviser. In such event, Client(s) bear the risk that any or all of the excess portion is not sold or sold on unattractive terms. As a

consequence, the applicable Client(s) could bear the entire portion of any fees, costs and expenses related to such investment and hold a larger than expected investment or may realize lower than expected returns from such portion of such investment. An investment that is not syndicated to Co-Investors as originally anticipated could significantly reduce a Client's overall investment returns. Therefore, it is possible that a Co-Investor that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

## **ITEM 7**

### **TYPES OF CLIENTS**

The Adviser provides investment advice to its Clients, which as described above includes various pooled investment vehicles (or funds), single investor funds and separately managed accounts. Investment advice is generally provided directly to its Clients (subject to the discretion and control of the applicable general partner of each such Client) and not to individual investors in each Client unless the Client is a separately managed account.

The Adviser's underlying investors are comprised primarily of family offices, endowments, foundations, banks, insurance companies, private corporations, high net worth individuals and BDT & MSD personnel. Generally, these underlying investors are required to meet certain qualifications, such as being (a) an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), (b) a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act, or (c) a "knowledgeable employee" within the meaning of Rule 3c-5 of the Investment Company Act. Typically, a minimum investment amount is imposed on underlying investors investing in the investment vehicles for which the Adviser acts as investment adviser, but can be subject to a reduction by the Adviser.

## **ITEM 8**

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

The specific methods of analysis and investment strategies utilized by the Adviser's Private Credit, Real Estate and Growth Equity investment teams are described below. This should not be interpreted to limit in any way the Adviser's investment activities; some of the strategies set forth below incorporate sub-strategies in addition to the broad strategy described. Furthermore, the Adviser reserves the right to pursue additional strategies in the future. Please also refer to the applicable Client's Governing Documents for additional information regarding the methods of analysis and investment strategies employed on behalf of each Client.

#### **Methods of Analysis**

The Adviser's investment teams conduct due diligence when evaluating investment opportunities. Depending on the type of investment, due diligence may include evaluating certain financial, tax, accounting, environmental and legal issues and include retaining outside consultants, legal advisors, accountants, and investment bankers in varying degrees. The investment teams rely on the following types of resources: information provided by the target and consultants, publicly available information, and any other information that the investment team deems relevant. The due diligence that the investment teams carry out with respect to any investment opportunity may not reveal or highlight all relevant facts necessary or helpful in evaluating such investment opportunity, and the evaluation will not necessarily result in the investment being successful. Moreover, the level of due diligence conducted with respect to each investment will vary and the investment teams may not assess properly the appropriate amount of diligence for each investment. Notwithstanding the diligence that is conducted in connection with any investment, there can be no assurance that the investment teams will identify or review all risks or that the Adviser will be able to prevent investment losses. In addition to longer term investment strategies, the Adviser also seeks to capitalize on short-term trading opportunities in certain circumstances, which do not always involve the extensive due diligence described above.

#### **Investment Strategies and Related Risks**

##### *Private Credit*

The Adviser's Private Credit team offers the following credit strategies across the liquid and illiquid spectrum.

##### **1. Credit Opportunity**

The Credit Opportunity strategy has a broad mandate and seeks to invest across the capital structure in distressed, stressed, special situation and event-driven value opportunities, and may include investments in companies undergoing bankruptcy, restructuring or reorganization and selecting securities senior in the capital structure and/or securities that may prove to be the fulcrum security in a restructuring process. The strategy also pursues investments in event-driven and non-distressed securities selling for less than their intrinsic value due to market illiquidity and/or a lack of access to capital in the financial markets. The flexible mandate allows the strategy to invest in (including selling short) all types of financial instruments across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities, other types of loans and equities, in addition to more infrequent use of credit default

swaps and equity options. It may invest in real estate and complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups, in addition to more straightforward undervalued equities and stressed credits.

## 2. Private Credit Opportunity

The Private Credit Opportunity strategy seeks to invest primarily in loans, and structured debt and debt-like securities, in businesses operating both inside and outside the United States. It primarily invests in (i) private loans that are made to companies and (ii) complex and special situations, e.g., in companies in asset classes and/or sectors that are out of favor and/or experiencing cyclicity/stress, or where in-depth due diligence and experience will help uncover attractive risk-adjusted returns. The Private Credit strategy has a flexible mandate that allows it to invest in all types of financial instruments across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities, other types of loans and equities, and in certain limited instances credit default swaps and equity options. The strategy may invest in real estate, complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups. The strategy utilizes leverage, which includes the borrowing of funds from banks and other lenders in order to carry out the business activities of the funds.

## 3. Real Estate Credit Opportunity

The Real Estate Credit Opportunity strategy seeks to invest in real estate loans, including unitranche loans, first lien/senior secured loans and second lien/mezzanine loans and preferred or structured equity. The number of investments, the target sizes, target returns and proportion of investments that are real estate loans or preferred or structured equity, can vary. The strategy expects to target investments in North America but may invest in other geographic locations as well. The strategy can acquire and own its investments, and incur leverage, through one or more subsidiary entities, some of which intend to qualify as a “real estate investment trust” for U.S. federal income tax purposes. The strategy utilizes leverage, which includes the borrowing of funds from banks and other lenders in order to carry out the business activities of the funds.

## 4. Special Investments

The Special Investments strategy seeks to invest in public and private markets across the capital structure to take advantage of market dislocations. The strategy has an opportunistic and flexible mandate that allows it to invest in all types of financial instruments across the capital structure, including a wide range of fixed income, equity and equity-linked investments. Investments may include, but are not limited to, unitranche loans, first lien/senior secured loans, second lien/mezzanine loans, secured notes, unsecured notes, private and public preferred and common equity securities, warrants, options, sale lease back paper and royalty interests. The strategy may invest in real estate, distressed situations, complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups and expects to invest in North America but may also invest in other geographic locations as well. The strategy utilizes leverage, which includes the borrowing of funds from banks and other lenders in order to carry out the business activities of the funds.

### *Real Estate Equity*

The Real Estate Equity strategy seeks to invest primarily in equity investments in real estate and real estate-related assets, including hospitality, commercial and residential.

## *Growth Equity*

The Growth Equity strategy seeks to make minority equity investments in dynamic, growth-stage businesses in the following sectors – enterprise software, fintech, consumer internet and commerce, and healthcare information technology. The strategy targets investments in businesses with strong operating performance led by excellent management teams.

## **Risks**

All investments made by the Adviser on behalf of Clients risk the loss of capital. Set forth below are certain material risk factors applicable to all Clients and/or their investors. These risk factors do not purport to be a complete list or explanation of the risks involved in each Client. The Governing Documents applicable to certain Clients include a more detailed summary of the material risks and the investment strategy for those Clients and should be read in conjunction with the risk factors identified below. As Clients' respective strategies develop and evolve over time, an investment in a particular Client may be subject to additional and different risk factors than those described herein.

*No Assurance of Investment Returns.* The Adviser cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of investments or assets that fall within such Clients' individual investment objectives. Clients could enter into agreements or consummate transactions that involve payments that result in substantial costs to the affected Client and the elimination of the possibility of a return, in particular if the transaction is not consummated.

*Substantial Fees and Expenses.* Clients typically pay Management Fees, Organizational Expenses and Operating Expenses as set forth in their Governing Documents and/or fee agreements, whether or not they make any profits, as well as performance-based compensation if they make profits. While it is difficult to predict the future fees and expenses of Clients, such fees and expenses could be substantial. See Item 5 for additional information on fees and expenses.

*Market Conditions.* Any change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of a Client's investments. A Client's performance can be affected by deterioration in public markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of a Client's investments and its overall performance. The value of any publicly traded securities held by a Client may be volatile and difficult to sell. The impact of market and other economic events may also affect a Client's ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. Additionally, general fluctuations in market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Client and may affect a Client's ability to make investments. The success of a Client's activities will be affected by general economic and market conditions, such as changes in interest rates, availability of credit, default rates, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect

the level and volatility of securities prices and the liquidity of a Client's investments. Volatility and/or illiquidity could impair a Client's profitability or result in losses. A Client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets. Material changes and fluctuations in the economic environment, particularly of the type experienced since 2008 that caused significant dislocations, illiquidity and volatility in the wider global economy, may affect a Client's ability to make investments and the value of investments held by the Client or the Client's ability to dispose of investments. The short-term and the longer-term impact of these events are uncertain, but they could continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity. Any economic downturn resulting from a recurrence of such marketplace events and/or continued volatility in the financial markets could adversely affect the financial resources of issuers. Investments can be expected to be sensitive to the performance of the overall economy.

A deterioration of the global credit markets may make it more difficult for investment funds such as a Client to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, may dramatically reduce investor demand for high yield debt and senior bank debt, which in turn may lead some investment banks and other lenders to be unwilling to finance new credit investments or to only offer committed financing for these investments on unattractive terms. A Client's ability to generate attractive investment returns may be adversely affected to the extent a Client is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Client to realize its investments at favorable times or for favorable prices.

*Valuation of Assets.* To the extent described in a Client's Governing Documents, its general partner may be required to perform a valuation of Client assets outside the context of a negotiated third-party transaction involving a disposition of such assets. Since there is no actively traded market for most of the securities owned by the Clients, the general partners will apply a methodology based on their best judgment that is appropriate in light of the nature, facts and circumstance of the investments. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. To the extent that the general partners are required to perform such valuations under any circumstances in which a general partner's interests are not fully aligned with those of all the investors, potential conflicts of interest arise with respect to such valuations.

*Dependence on Key Personnel.* The success of the relationship-based investment strategy utilized by the Clients depends in substantial part upon each Client's portfolio manager's skill and expertise. However, there can be no assurance that each Client's portfolio manager will continue to be associated with the Adviser throughout the life of a Client or that replacements will perform well. The loss of any one Client's portfolio manager could materially and adversely affect the Clients and the performance of their investments.

*Future Investments Unspecified.* In order to enable the Clients to invest opportunistically across asset classes, industries and geographical regions, and consistent with the Clients' Governing Documents, the Clients have retained significant flexibility in the types of investments that the

Clients will be able to make. Consequently, the investments made by a Client are not necessarily indicative of any future investments that may be made by a Client and no information is being provided as to the nature or terms of any particular type of future investment, nor any analysis of the market conditions generally applicable thereto. Investors must rely solely on the Adviser with respect to the selection, amount, character and economic merits of each potential investment. No assurance can be given that a Client will be successful in obtaining suitable investments or in achieving any of a Client's objectives.

*Lack of Liquidity of Investments.* Certain Clients' portfolio investments generally consist primarily of debt investments, including, but not limited to, bonds, senior secured loans, unsecured loans, second lien loans, debtor-in-possession financings, delayed drawdown loans and revolving bank loans. Loans are not generally traded on organized exchange markets but rather would typically be traded by banks and other institutional investors engaged in loan syndications. Certain Client portfolios could include other asset classes, such as alternative investments, mortgage loans and real property. The liquidity of certain portfolio investments will depend on the liquidity of the applicable market. Trading in certain investments is subject to delays as transfers could require extensive and customized documentation, the payment of significant fees, the consent of the agent bank or underlying obligor or other party and cause significant expenses to be incurred. In addition, certain investments could be subject to legal or contractual restrictions or requirements that limit the Client's ability to transfer them or sell them for cash. The resulting illiquidity of these investments could make it difficult for a Client to sell such investments if the need arises. If a Client needs to sell all or a portion of its portfolio over a short period of time, it could realize significantly less value than the value at which it had previously recorded those investments. There can be no assurance that Clients will be able to generate returns for their investors or that the returns will be commensurate with the risks of investing in the types of instruments described herein. As noted above, there is a possibility of partial or total loss of capital as a result of such constraints.

*Recycling.* Subject to the terms of the applicable Client's Governing Documents, proceeds from realized investments of a Client may be retained by the Client as determined by the Adviser and reinvested by such Client, or, at any time during the term of the Client, used by the Client as determined by the Adviser for any other proper purpose. Accordingly, to the extent such retained amounts are reinvested, investors will remain subject to investment and other risks associated with such investments.

*Regulatory Risk.* Recent legal and regulatory changes could adversely impact Clients. The regulation of U.S. and non-U.S. securities, futures markets and investment funds, including private funds and their advisers, has undergone substantial changes in recent years and such changes could continue. The effect of such new regulations on Clients could be substantial and adverse and could subject Clients to increased capital requirements, fees, expenses and limits on the types of investors they could solicit. Laws and regulations can change quickly and unpredictably in a manner adverse to the Clients' interests. As a result, Clients and/or their Adviser could be subject to unduly burdensome and restrictive regulations. The financial services industry and the activities of private funds and their managers in particular, have been subject to increasing regulatory scrutiny. This could increase the exposure of Clients to potential liabilities and additional legal, compliance and other related costs that, as a result, adversely affect the ability of Clients to achieve their investment objectives.

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 Client and/or its investments. As a result of the new rules, the Adviser may be restricted or refrain from providing information regarding a Client in response to investor requests. The Private Funds Rules may impact the Adviser's decisions with respect to agreeing to certain investor rights or treatment. 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 Client 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 Client, whether certain provisions may have a material, negative effect on certain investors and whether certain allocations are fair and equitable. The Adviser's and a Client's compliance burdens and associated costs including, without limitation, insurance expenses, are 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 Client'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.

The Clients may invest in regulated portfolio companies that are subject to any number of governmental licenses, permits or other approvals. A Client may need the consent or approval of applicable regulatory authorities in order to acquire particular portfolio companies. Such regulatory authorities may also be required to approve or consent to certain aspects of a Client's sale of such investments. In addition, the adoption of new laws or regulations, including tax laws and regulations, or changes in the interpretation of these existing laws or regulations, could have an adverse effect on a Client's investments. Such changes could necessitate the creation of new business models and the restructuring of investments to satisfy regulatory requirements, which may be costly and/or time-consuming. In connection with the regulatory approval, licensing or review process for any portfolio investment, disclosures and other undertakings may be required from or in respect of the existing or prospective owners of such portfolio investment, potentially including a Client or in turn the investors in such Client. Additionally, failure to obtain, or a delay in obtaining, certain required permits or approvals could hinder operation of a portfolio investment and result in fines or additional costs for such entity, which could have an adverse effect on a Client. Compliance with applicable laws and regulations, such as antitrust and foreign direct investment laws, could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating the Clients, and/or infringe upon the ability of the Clients to engage in certain transactions. Finally, investment in regulated portfolio companies may result in: (i) certain investors in the Client being excused or excluded from participating in such investments in consultation with the Adviser as a result of the effects of such participation on such investors and/or the Client, and/or (ii) limiting the Client's ability to make other investments and/or take certain actions in connection with its investment activities.

*Systems and Operational Risk.* BDT & MSD personnel and third-party service providers, which include prime brokers, administrators, market counterparties and others rely on certain financial, accounting, data processing and other operational systems and services. Many of

these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and the Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the Clients' operations. In addition, despite certain measures established by the Adviser and third-party service providers to safeguard information in these systems, there are potential risks associated with cybersecurity breaches which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of Client trading activities, liability under applicable law, regulatory intervention or reputational damage.

*Investments in Public Companies.* Clients could invest in the equity or debt of public companies or take private portfolio companies public. Investments in public companies could subject Clients to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the investing Client to dispose of such securities at certain times (including due to the possession by such Client of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which could include Adviser investment personnel, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism, war, regional and global conflicts and related geo-political events risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

*Client Structure.* The Clients include entities organized outside of the United States and which may be treated as partnerships or corporations for U.S. federal income tax purposes. In addition, the investors include taxable and tax-exempt entities and persons, or entities organized in various jurisdictions. As a result, certain Clients and investors may be subject to additional risks, including with respect to application of non-U.S. laws, rules or regulations. Furthermore, certain Clients and investors may have differing return characteristics.

*Competitive Market for Investment Opportunities.* The activity of opportunistically identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. While the Adviser believes that there are currently available attractive investments of the type in which the Clients intend to invest, there can be no assurance that such investments will continue to be available or that then available investments will meet a Client's investment criteria as such availability generally will be subject to market conditions. Over the past several years, an increasing number of competitors have been formed or expanded and additional funds with similar investment objectives may be formed or expanded

in the future. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Clients; such supply-side competition may adversely affect the terms upon which investments can be made and, as a result, returns to investors may be impacted.

*Limited Number of Investments; Lack of Diversity.* Except as set forth in a Client's Governing Documents, a Client is under no obligation to diversify its investments, whether by reference to the amount invested or the industries or geographical areas in which the investments are made. Accordingly, a Client will participate in a limited number of investments and, as a consequence, the aggregate return of the Client may be substantially adversely affected by the unfavorable performance of even a single investment, although certain Clients' Governing Documents and the Adviser's applicable compliance policies and procedures restrict the size of any single investment based on the total capital commitments or total investments. On any given investment, loss of all or a portion of the original amount of the investment is possible. Investors in a Client have no assurance as to the degree of diversification in the Client's investments, whether by geographic region, industry, asset or transaction type. To the extent a Client concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, the Clients expect to make a number of investments for which third-party financing will be desirable but not necessarily available at the time of investment. There is significant risk that such financing may never become available, or that a refinancing will not be able to be completed on desirable terms. This could result in a Client having a variety of unintended long-term investments and/or reduced diversification.

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

*Use of Subscription Line Facilities.* Certain Clients obtain subscription line facilities to facilitate investments, support ongoing operations and activities of Clients and their respective portfolio investments, enable Clients to pay Management Fees or expenses and liabilities and for any other purpose for which Clients can call capital from their respective investors. In certain instances, Clients will obtain a subscription line facility from DFO Management. The interest rate for such facility is generally consistent with or less than the interest rate that would be obtainable on an arm's-length basis from unrelated third parties. If a Client obtains a subscription line facility, it is expected that certain Client capital needs will be satisfied through borrowings by the Client under the subscription line facility. As a result, capital calls are expected to be conducted in larger amounts on a less frequent basis in order to, among other things, repay borrowings and related interest expenses due under such subscription line facilities. Where a Client uses borrowings under a subscription line facility in advance or in

lieu of receiving capital contributions from investors the use of such facility will generally result in a higher, and in some instances, a lower reported internal rate of return than if the facility had not been utilized and instead capital contributions from investors had been contributed at the inception of an investment. In addition to subscription line facilities, Clients will engage in other types of borrowings that, as is the case with respect to subscription line facilities, can result in a higher or lower reported internal rate of return than if the borrowing were not put in place. The use of subscription line facilities and other borrowings presents conflicts of interest, including incentivizing the general partner to fund investments through such facilities in lieu of capital contributions, and may delay distributions to investors.

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

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Client and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant general

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

Client-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a general partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant general partner called smaller amounts of capital incrementally over time as needed by a Client. A single market event could trigger capital events which may cause liquidity constraints for our limited partners. A general partner is authorized to use Client-level borrowing to pay Management Fees and to reimburse the Advisor for expenses incurred on behalf of the relevant Client. A Client is also permitted to utilize Client-level borrowing when a general partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Client ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

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

*Leverage; Borrowing by a Client or its Subsidiaries.* A Client may utilize leverage in connection with its investments and operations, subject to certain limitations, including, in certain cases, with a significant leverage ratio. To the extent leverage can be obtained and is utilized, such leverage will introduce risk of unavailable refinancing and increase the exposure of an asset to adverse economic factors such as rising interest rates, further downturns in the economy or deterioration in the condition of the investment. A Client will also be permitted to guarantee or provide credit support or similar assurances in respect of the obligations of its

portfolio investments and, accordingly, the Client may be materially and adversely affected to the extent such guarantees, support or assurances are called upon, including upon an event of default by any portfolio investment in respect of any such obligations.

Although leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging Client will decrease. Accordingly, any event which adversely affects the value of a portfolio investment would be magnified to the extent a Client is leveraged. The cumulative effect of the use of leverage by Clients in a market that moves adversely to such Clients' investments or in the event portfolio investments experience credit quality deterioration could result in a substantial loss to Clients that could be substantially greater than if such Clients were not leveraged. In addition, contractual demands by lenders to a Client to reduce its leverage could force such Client to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a Client, such claim would be senior to the rights of an investor in the Client. As a result, if a Client's losses were to exceed the amount of capital invested, an investor could lose its entire investment. The debt financing utilized by Clients to leverage investments could also be collateralized by any assets of the Client (and could be cross-collateralized with the assets of any parallel fund or alternative investment vehicle of the applicable Client or any portfolio investment, and such entities could be held jointly and severally liable for the full amount of the obligations arising out of such debt financing).

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

*Board Participation.* The Adviser's partners, principals and BDT & MSD employees will serve as directors of some portfolio investments of Clients and, as such, would have duties to persons other than the investing Client. Although holding board positions could be important to the

investing Client's investment strategy and could enhance the ability of the Client, its general partner and the Adviser to manage investments, director seats could also have the effect of impairing the general partner's ability to sell the related securities and other financial instruments when, and upon the terms, it could otherwise desire, and could subject the general partner, the Adviser, and investing Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Client will indemnify its general partner and the Adviser from such claims.

*Debt Instruments Generally.* Debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness, and there is generally no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions.

*Investments Longer than a Client's Term.* A Client may make investments which may not be advantageously disposed of prior to the date that the Client will be dissolved, either by expiration of the Client's term or otherwise. Due to the fact that the Adviser has a limited ability to extend the term of a Client, a Client may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. Distributions in-kind, which may be made in lieu of any such disposition at any time, could consist of assets or securities for which there is no readily available public market.

*Reliance on Portfolio Company Management.* Generally, a portfolio company's day-to-day operations are the responsibility of its management team. There can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with a Client's plans and/or objectives and the Client may have limited approval rights over the decisions made by the management team. In addition, to the extent a Client does not acquire controlling rights in a portfolio company, its ability to influence the management team may be further limited.

*Uncertainty of Financial Projections.* A Client may rely upon projections developed by the Adviser or a portfolio investment concerning the portfolio investment's future performance, cash flow and operating results as well as projections prepared by third parties. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and the portfolio investment. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements, and the occurrence of other unforeseen events could impair the ability of a portfolio investment to realize projected values and cash flow.

*Additional Capital.* Portfolio companies may require additional financing (including leverage) from sources outside a Client to satisfy their capital requirements. The amount of additional financing needed will depend upon the business objectives and strategy of the particular company. The availability of capital may be a function of capital market conditions that are beyond the control of a Client or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately its capital requirements or that additional

funds will be available from the desired sources or from any sources or on terms favorable to the portfolio companies.

*Market Conditions.* Any change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of a Client's investments. A Client's performance can be affected by deterioration in public markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of a Client's investments and its overall performance. The value of any publicly traded securities held by a Client may be volatile and difficult to sell. The impact of market and other economic events may also affect a Client's ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. Additionally, general fluctuations in market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Client and may affect a Client's ability to make investments.

*Currency Transactions.* The Clients may buy or sell currencies, forward currency contracts, currency futures contracts, swaps and related options on currencies for hedging or currency risk management purposes in connection with its investment activities, although the Clients are under no obligation to fully hedge, or to hedge at all, any currency exposure. Derivative instruments, including options, futures, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. These risks include market risk, management risk, counterparty risk, documentation risk, liquidity risk and leverage risk.

*Benchmark Rate Risk.* Prior to June 30, 2023, certain bonds and loans held by the Clients may have had floating interest rates based on the London Inter Bank Offered Rate ("LIBOR"). LIBOR is an estimate of the interest rates to borrow U.S. dollars, sterling, euros and certain other currencies in the London unsecured interbank market, and was widely used as a reference for setting the interest rate on loans, bonds and derivatives globally. Consistent with prior announcements by the United Kingdom's Financial Conduct Authority ("FCA"), the representative settings for all Swiss franc, euro, British pound sterling, Japanese yen, and U.S. dollar LIBORs are no longer available as of June 30, 2023, while synthetic 3-month British pound sterling LIBOR and 1-, 3- and 6-month U.S. dollar LIBOR settings are expected to cease at the end of March 2024 and September 2024, respectively.

On March 15, 2022, the United States enacted the Adjustable Interest Rate (LIBOR) Act of 2021 ("LIBOR Act"). The federal LIBOR Act preempts similar state legislation (including that enacted in New York) and provides one national approach for replacing U.S. dollar LIBOR as a reference interest rate in certain contracts, including those with no fallback provisions or with fallback provisions that identify neither a specific replacement rate nor a "determining person" as defined in the legislation, once U.S. dollar LIBOR is no longer published or is no longer representative. The U.S. Federal Reserve (the "Federal Reserve") has adopted the final rule that implements the LIBOR Act, which established certain Secured Overnight Financing Rate ("SOFR")-based benchmark replacements for contracts governed by U.S. law that reference overnight and one-, three-, six- and 12-month tenors of U.S. dollar LIBOR that do not have suitable fallback provisions after June 30, 2023.



As a result of the transition away from LIBOR as a benchmark reference for interest rates, certain bonds and loans held by the Clients may have floating interest rates based on SOFR or, if otherwise provided in the underlying contracts, other alternative benchmark rates.

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 Clients. 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 Clients invest, which in turn may adversely affect the performance of the Clients.

As stated above, some of the bonds and loans held by the Clients may have floating interest rates based on alternative benchmark rates other than SOFR. Such alternative benchmark rates, like SOFR, may not have been widely used by market participants until relatively recently, and they may not perform exactly the same as LIBOR because they are calculated and administered differently. Generally, the use of alternative benchmark rates (including SOFR) may (i) cause the value of the interest rate on such bonds and loans to be uncertain or to be lower or more volatile than it would otherwise be, (ii) result in uncertainty as to the functioning, liquidity or value of such bonds and loans, and/or (iii) involve actions of regulators or rate administrators that may adversely affect certain markets or contracts underlying such bonds and loans. All of the foregoing could adversely affect the return on and value of the related floating rate instruments in which the Clients invest.

*Enhanced Governmental Scrutiny and Increased Regulation of Industry.* There continues to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the alternative asset management industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Clients’ activities, including the ability of a Client to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. As a result, the Clients may invest in fewer transactions or incur greater expenses or delays in completing and/or exiting investments than it otherwise would have.

*Inflation.* Recent inflation rates in the U.S. and Europe have been at historically high levels. Investments could have revenues linked to some extent to inflation, including, without

limitation, by government regulations and contractual arrangement. As inflation rises, an investment could earn more revenue but could incur higher expenses. As inflation declines, an investment might not be able to reduce expenses commensurate with any resulting reduction in revenue. During periods of rising inflation, interest rates related to portfolio investments could increase, which would tend to reduce returns to the Clients and underlying investors. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. Governmental efforts to curb inflation often have negative effects on the level of economic activity. Central banks, such as the U.S. Federal Reserve, generally attempt to control inflation by regulating the pace of economic activity. They typically attempt to affect economic activity by raising and lowering short-term interest rates. At times, governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity and potentially adversely impacting market liquidity conditions. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies, and a Client's investments may not keep pace with inflation, which may result in losses to the Client and its investors. If inflation increases, the real value of a Client's investments could decline and the interest payments on a Client's borrowings, if any, may increase. There can be no assurance that a higher rate of inflation will not have a material adverse effect on the Clients' investments.

*Risks Resulting from the United Kingdom's Exit from the European Union.* The United Kingdom left the European Union on January 31, 2020 (commonly referred to as "Brexit"). During an 11-month transition period, the United Kingdom and the European Union agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the European Union and the United Kingdom from January 1, 2021. The Trade and Cooperation Agreement does not provide the United Kingdom with the same level of rights or access to all goods and services in the European Union as the United Kingdom previously maintained as a member of the European Union and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services, and it is unlikely that such agreement will be concluded. Accordingly, uncertainty remains in certain areas as to the future relationship between the United Kingdom and the European Union.

From January 1, 2021, European Union laws ceased to apply in the United Kingdom. Many European Union laws were assimilated into United Kingdom law, and these assimilated laws continue to apply until such time that they are repealed, replaced or amended. The United Kingdom government has enacted legislation that will repeal, replace or otherwise make substantial amendments to the European Union laws that currently apply in the United Kingdom. It is impossible to predict the consequences on the Clients and their investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the

United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Clients.

The future application of European Union-based legislation to the private fund industry in the United Kingdom and the European Union will ultimately depend on how the United Kingdom renegotiates the regulation of the provision of financial services within and to persons in the European Union. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Clients and their portfolio investments, including the ability of the Clients to achieve their investment objectives. Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Adviser to manage, operate and invest the Clients and increased legal, regulatory or compliance burden for the Adviser and/or the Clients, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Clients.

Areas where the uncertainty created by the United Kingdom's withdrawal from the European Union is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European Union countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European Union countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of the Clients' portfolio investments and the ability to achieve the investment objectives of the Clients.

*War and International Conflict in Ukraine and Israel.* An ongoing military conflict exists between Russia and Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. On October 7, 2023, Hamas, a Palestinian militant group who has controlled the Gaza Strip since 2006, conducted a coordinated surprise attack on Israel. In response, Israel declared war on Hamas and has most recently begun a ground combat mission in the Gaza Strip. Across the Middle East region, tensions have risen, and there is concern that the Hamas-Israel conflict could expand to involve other regional powers and global actors. The ultimate course of conflicts such as the Russia-Ukraine conflict and the Israel-Hamas war, and their impact on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Clients or any particular industry, business or investee country, as well as the duration and severity of such effects, is impossible to predict. Developing and further governmental actions (military or otherwise) and international negotiations over such conflicts may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategies which the Clients intend to pursue, all of which could adversely affect the Clients' ability to fulfill their investment objectives.

*Sanctioned Investors.* If after subscribing to a Client a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "Sanctions List"), the relevant general partner

will have the sole discretion to determine the resolution, remedy and manner of compliance of the Client with applicable laws, including without limitation a “freeze” on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Client’s activities, could materially and adversely affect the Client.

*Cybersecurity Risk.* The Adviser, the Clients’ 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 Clients and their investors, despite the efforts of the Adviser and the Clients’ service providers to adopt technologies, processes and practices 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 Client 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 Clients’ service providers and counterparties, as well as the data stored by these systems, including investor information. The Adviser and the Clients’ 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 Clients 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 Clients’ 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 Clients, 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 Clients invest, which could have material adverse consequences for such companies, and may cause the Clients’ investments to lose value.

*Risks of Artificial Intelligence (“AI”).* The Adviser’s ability to use, manage and aggregate data may be limited by the effectiveness of its policies, systems and practices that govern how data is acquired, validated, used, stored, protected, processed and shared. Failure to manage data effectively and to aggregate data in an accurate and timely manner may limit the Adviser’s ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including AI. While the Adviser will restrict certain uses of third-party and open source AI tools, such as ChatGPT, the BDT & MSD personnel and a Client’s portfolio investments will under certain circumstances use these tools, which poses additional risks relating to the protection of the Adviser’s and such portfolio investments’

proprietary data, including the potential exposure of the Adviser's or such portfolio investments' confidential information to unauthorized recipients and the misuse of the Adviser's or third-party intellectual property, which could adversely affect the Adviser, a Client or its portfolio investments. Use of AI tools may result in allegations or claims against the Adviser, a Client or its portfolio investments related to violation of third-party intellectual property rights, unauthorized access to or use of proprietary information and failure to comply with open-source software requirements. Additionally, AI tools may produce inaccurate, misleading or incomplete responses that could lead to errors in the Adviser's and its employees' and consultants' decision-making, portfolio management or other business activities, which could have a negative impact on the Adviser or on the performance of a Client and its portfolio investments. Such AI tools could also be used against the Adviser, a Client or its portfolio investments in criminal or negligent ways. As the use and availability of AI tools has grown, the U.S. Congress and a number of U.S. federal and state agencies have been examining the AI tools and their use in a variety of industries, including financial services. These agencies have issued proposed or adopted a variety of rules and other guidance regarding the use of AI. AI similarly faces an uncertain regulatory landscape in many foreign jurisdictions. Ongoing and future regulatory actions with respect to AI generally or AI's use in any industry in particular may alter, perhaps to a materially adverse extent, the ability of the Adviser, a Client or its portfolio investments to utilize AI, and may have an adverse impact on the ability of the Adviser, a Client or its portfolio investments to continue to operate as intended.

*Tax Reform Risks.* Tax law is subject to change and various historic and current legislative proposals could affect the Clients 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 Adviser to cause a Client to hold an investment for longer than three years 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 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.

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war, regional and global conflicts, or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on Clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for Client portfolio investments. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted.

Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

The global outbreak of the 2019 novel coronavirus (“COVID-19”) has meaningfully disrupted, and other global pandemics that may arise in the future will have the potential to meaningfully disrupt, the global economy and markets. COVID-19 has and may continue to have ongoing material adverse effects across many aspects of the regional, national and global economy. The full effects, duration and costs of the COVID-19 pandemic remain impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

*Environmental, Social and Governance (“ESG”) Considerations.* Unless otherwise set forth in a Client’s Governing Documents, ESG factors are only some of the many factors the Adviser may consider in making an investment or as part of ongoing engagement. Other factors may be given greater weight, particular ESG factors may be disregarded and the Adviser may not consider all of the ESG factors that an investor believes are important. A Client’s investments may not result in positive ESG impact and could adversely impact one or more ESG attributes. In addition, the Adviser’s ESG integration may not align with the policies of or regulatory requirements applicable to a particular investor. The Adviser’s approach to ESG for a Client may differ from the foregoing as provided in a Client’s Governing Documents.

The Adviser has discretion regarding whether to engage with investee companies on ESG-related matters. To the extent that the Adviser engages with investee companies on ESG-related matters, such engagements may not achieve the desired financial and other results. In addition, the market or other stakeholders may not consider the results to be sufficient or desirable.

Successful ESG integration on the part of the Adviser will depend on the Adviser’s skill in properly identifying and analyzing material ESG factors and their relevance, and there can be no assurance that the Adviser will be successful in doing so. ESG integration is subjective by nature, and the criteria utilized by the Adviser or the judgment exercised may not reflect the desired approach of any particular investor. Any consideration of ESG factors carries the risk that the Adviser may underperform funds or accounts that do not take such ESG-related factors into account in the same manner. In addition, consideration and management of ESG factors may require the Adviser to rely on third-party information and data, which may be incomplete, inaccurate or unavailable. Limitations in such information and data may result in erroneous assessments by the Adviser. ESG integration practices are evolving, including without limitation due to regulation, new and changing issues and areas of stakeholder focus, shifting investor sentiment (including so-called anti-ESG sentiment) and requirements and evolving investee company practices. Accordingly, the Adviser’s ESG integration practices will continue to evolve and change, and they may do so in a manner that is adverse to financial return or a particular investor’s goals.

*U.S. Market Risks, Generally.* Changes in U.S. federal policy, including tax policies, and at regulatory agencies occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on the financial services industry or the tax rates paid by corporate entities. The nature, timing and economic effects of such changes remain highly uncertain. None of the general partners of the Clients or the Adviser or their respective affiliates can predict the ultimate impact of the foregoing on the Client, its business and investments, or the private equity industry generally, and any prolonged uncertainty could also have an adverse impact on the Client and its investment objectives. Further, an extended federal government shutdown resulting from failing to pass budget

appropriations, adopt continuing funding resolutions, or raise the debt ceiling, and other budgetary decisions limiting or delaying deferral government spending, may negatively impact U.S. or global economic conditions, including corporate and consumer spending, and liquidity of capital markets. In addition, any changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing the financial services industry, foreign trade, manufacturing, outsourcing, development and investment in the territories and countries or types of investments in which a Client may invest, and any negative sentiments towards the United States as a result of such changes, could adversely affect the performance of a Client's investments. Moreover, media (including social media) has the potential to influence public sentiment and escalate tensions both within the U.S. and in international relations, which could cause social unrest and could negatively impact stock markets and economics around the globe and a Client's investments. Recent events concerning discrimination, race relations and inequality have led to protests, demonstrations, marches and other forms of political and social activism on a local, regional, national and international level as well as rioting in some instances. Such activism, which has ranged from peaceful to in some instances, violent, has resulted in curfews, the deployment of the national guard and other local and national interference, and could lead to increased political and social volatility and uncertainty, which was already heightened in wake of the COVID-19 pandemic. While the overall effect of such activism remains unknown, investors should note that this type of volatility and uncertainty could materially and adversely impact the securities and other assets in which a Client invests.

Furthermore, in response to the global financial crisis in 2008, the Board of Governors of the U.S. Federal Reserve System (the "Federal Reserve") and certain non-U.S. central banks acted to hold interest rates to historic lows in addition to taking other governmental actions to stabilize markets and seek to encourage economic growth. While many of these actions have ceased or slowed significantly (including the Federal Reserve electing to increase interest rates), these and other actions by the Federal Reserve and such other central banks, including changes in policies, may continue to have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the Client's investments on an absolute and/or relative basis. In early 2020 in response to the economic impact of the COVID-19 global pandemic, the U.S. government, including the Federal Reserve, took a number of measures in an effort to stabilize the U.S. economy and to inject liquidity into the U.S. capital markets, including keeping interest rates low through its targeted federal funds rate and resuming the purchase of Treasury securities and agency mortgage-backed securities in the amounts needed to support smooth market functioning. In addition, the U.S. government passed measures aimed to alleviate potential unemployment and stimulate and support the economy. Recently, however, the Federal Reserve has raised, and is expected to continue to raise, interest rates several times. Such rate changes are, in part, a response to higher than expected rates of inflation. Any such rate changes may impact the Client and the Client's investments. There can be no assurance that actions taken by the U.S. government, including the Federal Reserve, will have a beneficial impact on the financial markets and/or a Client's returns.

*Possibility of Fraud and Other Misconduct of Personnel and Service Providers.* Misconduct by BDT & MSD personnel, service providers to the Adviser or the Clients and/or their respective affiliates could cause significant losses to such Clients. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Clients, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial

harm, including limiting the business prospects or future marketing activities of such Clients and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Clients. The Adviser has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

*Climate Change.* The Clients may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Clients' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Clients may be vulnerable to the following: risks of property damage to the Clients' investments; indirect financial and operational impacts from disruptions to the operations of the Clients' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change; incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

*Custody and Banking.* The Clients will maintain funds with one or more banks or other depository institutions ("banking institutions"), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Clients, their portfolio investments and/or the Adviser transact may inhibit the ability of the Clients or their portfolio investments to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Clients 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 Clients. In the event of such a failure of a banking institution where a Client or one or more of its portfolio investments 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 Clients and their affected portfolio investments 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 Clients or their portfolio investments. This risk is increased as the Adviser and its affiliates, the Clients and BDT & MSD personnel all may utilize the same banking institutions. One or more investors or a general partner could also be similarly affected



and unable to fund capital calls, further delaying or deferring new investments. In addition, a 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.

*Investment and Trading Risks Generally.* All investments risk the loss of capital. The Client's investment program will involve, without limitation, risks associated with limited diversification, use of leverage, credit deterioration and default risks, systems risks and other risks inherent in the Client's activities. Certain investment techniques of the Client can, in certain circumstances, substantially increase the impact of adverse market movements to which the Client may be subject. In addition, the Client's investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Client invests its assets.

The Client's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

*Force Majeure.* Portfolio entities may be vulnerable to a force majeure event, including acts of God, war and strike, which could result in the destruction, impairment or loss of profitability for the issuers. In addition, the damage caused by the force majeure event may adversely affect a party's ability to perform its obligations until it is able to remedy the damage. Insurance coverage of these risks may be limited, subject to large deductibles or completely unavailable, and the Adviser will determine in its discretion whether to seek insurance coverage of, or seek alternative ways to manage or mitigate, these risks. In addition, insurance coverage, particularly business interruption insurance, may be limited or unavailable to issuers upon the occurrence of a force majeure event, which may adversely impact such issuers.

*Material, Non-Public Information ("MNPI").* By reason of their responsibilities in connection with investments for and on behalf of Clients, investment professionals may acquire confidential or MNPI concerning specific borrowers, issuers and/or property, or may otherwise be restricted from initiating transactions in certain securities. In such instances, those investment professionals and the investment manager will not be free to act upon any such information. Due to these restrictions, the investment professionals and investment manager may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Alternatively, the investment manager may decline to receive MNPI in order to avoid trading restrictions, even though access to such information might have been advantageous and other market participants are in possession of such information.

In addition, in circumstances when an investment professional receives, in connection with a potential investment, MNPI concerning specific issuers, such investment professional's flexibility to buy or sell securities issued by such borrowers or issuers or otherwise use such information may similarly be limited or restricted under applicable securities laws.

*Litigation.* The Adviser participates in restructuring activities where Clients invest in distressed securities. It is possible that certain Clients will become involved in litigation with respect to creditor disputes and similar issues among classes of claimants. Litigation entails expenses and

the possibility of counterclaims against such Clients including their general partners and the Adviser, and ultimately, judgments could be rendered against a Client for which such Client does not carry insurance.

*Interest Rate Risk.* Changes in interest rates can affect the value of a Client's investments in fixed income instruments. Increases in interest rates could cause the value of a Client's investments to decline. Certain Clients could experience increased interest rate risk to the extent they invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Although a Client's investments may bear interest at a floating rate, there may be (a) mismatches between the floating rates applicable to investments that bear interest at a floating rate and the SOFR rates (or other interest rates) applicable to the indebtedness of a Client, (b) timing mismatches based on different interest payment dates applicable to the investments as compared to a Client's indebtedness, and (c) likely mismatches between the aggregate outstanding amount of the indebtedness and the aggregate principal balance of the floating rate investments. In addition, the interest rates applicable to cash equivalents held by a Client may be fixed or floating and could be lower than the interest rates on a Client's investments. Accordingly, changes in the level of SOFR or any other applicable floating rate index or the holding of significant assets in the form of cash equivalents could adversely affect the ability of a Client to make debt service payments on the aggregate outstanding amount of the indebtedness. A Client may, subject to applicable law, enter into one or more hedge agreements to hedge interest rate risk.

*Counterparty Risk.* A number of the markets in which a Client or any of its portfolio investments could affect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Client or such portfolio investment to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client or such portfolio investment to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events could intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of a Client to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement could increase the potential for losses by a Client.

*Non-U.S. Currency Risks.* Certain Clients make investments that are denominated in non-U.S. currency and, therefore, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies, including generally the currency in which the books of the Client are kept and currencies in which contributions and distributions generally will be made. Among the factors that could affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Client will incur costs in converting investment proceeds from one currency to another. The Adviser could, but is under no obligation to, employ hedging techniques to minimize these

risks, although there can be no assurance that such strategies will be effective. Investments in any country in which U.S. dollars are not the local currency could be affected by such changes in the value of foreign exchange between the U.S. dollar and such currency. Such changes could have an adverse effect on the value, price or income of the investment to such investors. There could also be foreign exchange regulations applicable to investments in non-U.S. currencies in certain jurisdictions.

*The Alternative Investment Fund Managers Directive and the Alternative Investment Fund Managers Regulations.* The Directive 2011/61/EU of the European Parliament and of the European Council on Alternative Investment Fund Managers (including all national, implementing or supplementary measures, laws and regulations, the “AIFMD”) and the United Kingdom Alternative Investment Fund Managers Regulations 2013 as amended including by the European Union (Withdrawal) Act 2018 and Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019 (the “AIFM Law”) regulate the activities of certain alternative investment fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (“EEA”) and the United Kingdom (“UK”). If a Client is actively marketed to investors domiciled or having their registered office in the EEA or the UK in circumstances where no relief is available: (i) such Client may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD and the AIFM Law, which may result in such Client incurring additional costs and expenses; (ii) such Client and/or their respective general partners may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in such Client incurring additional costs and expenses or otherwise affect the management and operation of such Client; (iii) the general partner of such Client may be required to make detailed information relating to the Client and its investments available to regulators and third parties; and (iv) the AIFMD and the AIFM Law may also restrict certain activities of the Client in relation to EEA and UK portfolio investments, if any, including, in some circumstances, the Client’s ability to recapitalize, refinance or potentially restructure an EEA or a UK portfolio investment within the first two years of ownership. In addition, it is possible that some EEA jurisdictions or the UK will elect to restrict or prohibit the marketing of non-EEA or UK funds to investors based in those EEA jurisdictions or the UK, which may make it more difficult for the Client to raise its targeted amount of capital commitments. Certain Clients qualify as alternative investment funds (“AIF”) within the meaning of the AIFMD and are managed by a fully authorized alternative investment fund manager (“AIFM”) in Luxembourg; as such they are subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in such Clients incurring costs and expenses.

In November 2023 the European Parliament and the Council of the European Union published their agreed compromise text for a directive (known as “AIFMD II”) to amend AIFMD as it applies in the EEA. AIFMD II (which is not expected to come into force before 2026 and is further subject to grandfathering provisions) includes significant proposals in respect of, among other things, delegation, loan origination, liquidity risk management, data reporting, depositaries and public disclosure via the European Single Access Point. At this stage, it cannot be ruled out that the changes currently set out in AIFMD II will not change further or that new changes will not be introduced (each of which could again have a material impact upon the Clients, their investments and/or other costs or expenses which investors are required to bear) as the proposals are considered by the European Parliament and the European Council as part of the EU legislative process.

*Changes in Investment Focus.* It is possible that Clients are not restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a Client's Governing Documents generally contain a description of the types of investments that other Clients have historically made and/or information about the Adviser's expectations with respect to such Client, many factors could contribute to changes in emphasis in the construction of such Client's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Client will resemble the portfolio of any other Client.

*Investments in Distressed Securities.* A portion of the Client's investments could also be obligations or securities that are unrated or rated below investment grade by recognized rating services such as Moody's and Standard & Poor's. Securities rated below investment grade and unrated securities generally offer a higher current yield than that available from higher grade issues but typically involve greater risk. Securities rated below investment grade and unrated securities are typically subject to adverse changes in general economic conditions, changes in the financial condition of their issuers and price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of securities rated below investment grade and unrated securities could experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the values and liquidity of securities rated below investment grade and unrated securities, especially in a market characterized by a low volume of trading. In addition, the secondary market for high-yield securities, which is concentrated in relatively few market makers, could not be as liquid as the secondary market for more highly rated securities. As a result, the Client could find it more difficult to sell these securities or could only be able to sell the securities at prices lower than if such securities were widely traded.

*Non-United States Investments.* Certain Clients have invested, and may make additional investments, in portfolio investments that are organized or headquartered or have substantial sales or operations outside of the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Client), the application of complex United States and non-United States tax rules to cross-border investments, possible imposition of non-United States taxes on the Clients and/or the investors with respect to the Clients' income, and possible non-United States tax return filing requirements for the Clients and/or the investors. Additional risks of non-United States investments may include, without limitation: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-United States companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to United States companies.

*Digital Assets.* In connection with a Client's mandate, the Adviser reserves the right to cause a Client to invest in cryptocurrencies, cryptofinance coins, tokens and digital assets and instruments that are based on blockchain, distributed ledger or similar technologies, or other peer-to-peer financial services (collectively "Digital Assets"). Digital Assets, and the use of

Digital Assets to buy and sell goods and services, are relatively new technological innovations with a limited history, are a rapidly evolving concept, and therefore involve a high degree of business and financial risk that can result in substantial or total loss of investment. Digital Assets are based on computer-generated mathematical and/or cryptographic protocol and are generally transferred over decentralized networks, where each transaction is recorded in a blockchain. A blockchain is a digital ledger that records transactions on multiple computers, which collectively constitute that Digital Asset's network. Digital Assets also pose risks around custody, which include, without limitation, the lack of FDIC insurance for Digital Asset holdings, the reliance on an exchange or custodian to store the Digital Assets, and the absence for certain Digital Assets of any "qualified custodian" willing to provide custody for such assets. The success of Digital Assets is subject to a high degree of uncertainty and may be significantly affected by many factors, including, but not limited to, (i) worldwide growth and adoption (or lack thereof), including the acceptability of Digital Assets as a method of payment or indication of value, (ii) governmental and industry regulation, (iii) technological developments, (iv) general economic conditions and (v) the potential negative perception of Digital Assets generally, including the use of Digital Assets to buy illicit goods and services or its use in cybercrime. Digital Assets are extremely volatile relative to traditional asset classes and are more likely to have large increases and decreases in price. Investments in Digital Assets such as cryptocurrencies are subject to many specialized risks and considerations, including risks relating to (i) technology, (ii) security, (iii) regulation, (iv) user/market acceptance, (v) volatility and (vi) timing. While cryptocurrencies and their networks have been and are experiencing rapid technological development, such development may not continue at its current rapid pace. There can be no assurance that all material vulnerabilities in the technology associated with a particular cryptocurrency and its associated networks will be identified and addressed prior to a Client's investment in such cryptocurrency.

A Digital Asset is often controllable only by the possessor of unique private keys relating to the addresses in which the Digital Asset is held. The theft, loss or destruction of a private key required to access a Digital Asset may be irreversible, and any such private key would not be capable of being restored by a Client. Any loss of private keys relating to digital wallets used to store a Client's Digital Assets could result in the loss of such Digital Assets, and a limited partner could incur substantial, or even total, loss of capital.

Clients with exposure to Digital Assets, such as virtual currencies, face a number of market and operational risks, including volatile prices, disparate prices across different virtual exchanges, risk of an illiquid market, valuation risk, custody risk, risk associated with "mining" or verifying virtual currency transactions, risk of not converting virtual currencies into fiat currencies, and risk that a virtual currency exchange fails or closes due to a security breach, a distributed denial of service attack, fraud or other failure. Virtual currencies may be particularly vulnerable to virtual currency network attacks, hacking or security breaches.

Digital Assets are not legal tender in the United States, and federal, state or foreign governments may restrict the use and exchange of Digital Assets at any time. As such, Digital Assets also present a number of legal and regulatory risks as U.S. federal, state or foreign government bodies or agencies maintain different classifications for Digital Assets within their respective jurisdictions. For example, the U.S. Commodity Futures Trading Commission ("CFTC") treats bitcoin and other virtual currencies as commodities, and the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") requires administrators or exchanges to register as a registered money services business. Furthermore, the global regulatory framework governing virtual currencies varies from country to country and

continues to evolve. Some countries have taken an accommodating approach to the regulation of Digital Assets while others have banned their use.

Accordingly, the promulgation of any U.S. or international laws or rules, an adverse change in applicable legal or regulatory requirements, or an adverse review by an applicable judicial authority of any such law or regulation, could have a material adverse effect of the price of certain Digital Assets and on the operations and/or financial performance of Clients with exposure to virtual currencies. To the extent that new regulations are imposed, or regulatory authorities find ways to apply existing regulations to cryptocurrency in unanticipated ways, the Client's investments may be materially adversely affected.

Some of the markets in which a Client may effect Digital Asset transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as are members of "exchange-based" markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC Digital Asset transactions. This exposes a Client to the risk that a counterparty will not settle a Digital Asset transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client to suffer a loss. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of a Client's Digital Assets transactions with one counterparty. The ability of a Client to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client in Digital Assets investments.

In addition, it is difficult to predict the extent of the impact that recent bankruptcies of, and the financial distress experienced by, certain key participants in the Digital Assets industry will have on the industry as a whole. Specifically, there have been recent instances of fraud on a broad scale within the Digital Assets industry and such events are likely to lead, at least in the immediate term, to a decrease in the trust placed in Digital Assets, and as a result, any participants in the Digital Assets industry, by investors and, therefore, to additional significant volatility in an already very volatile market. To the extent these trends continue, a Client's investments in Digital Assets, or any participants in the Digital Assets industry, would be expected to be subject to material decreases in value, which in turn would be expected to adversely affect the Client and its returns.

*Hedging Policies/Risks.* In connection with certain investments, Clients and/or their portfolio investments could employ hedging strategies (whether by means of derivatives or otherwise and whether in support of financing techniques or otherwise) that are designed to reduce the risks to Clients and/or their portfolio investments of fluctuations in interest rates, securities, commodities and other asset prices and currency exchange rates, as well as other identifiable risks. While the transactions implementing such hedging strategies could reduce certain risks, such transactions themselves could entail certain other risks such as the risk that counterparties to such transactions could default on their obligations and the risk that the prices and/or cash flows being hedged behave differently than expected. Thus, while Clients and/or their portfolio investments could benefit from the use of these hedging strategies, unanticipated changes in interest rates, securities, commodities and other asset prices or currency exchange rates or other events related to hedging activities could result in a poorer overall performance for Clients

and/or their portfolio investments than if they or their portfolio investments had not implemented such hedging strategies.

*Investments in Privately Held Middle-Market Companies.* Certain Clients invest in privately held U.S. middle-market companies. Investments in privately held middle-market companies involve a number of significant risks, including the following: (i) these companies may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of a Client realizing any guarantees such Client may have obtained in connection with such investment; (ii) they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (iii) they typically depend on the management talents and efforts of a small group of persons therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a Client's investment; (iv) they generally have less predictable operating results and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; (v) they may have difficulty accessing the capital markets to meet future capital needs; and (vi) there is ordinarily a more limited secondary trading market for the sale of interests in smaller, private companies, which may limit exit opportunities for our Clients.

*Loans and Participations.* A Client's investment strategy could include investments in loans and loan participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender liability claims by the issuer of the obligations; and (iii) limitations on the ability of the Clients to directly enforce their rights with respect to participations. In analyzing each loan or participation, the Adviser compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Clients. As secondary market trading volumes in loans have grown from its inception, new loans have adopted standardized documentation to facilitate trading, which could further improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue, particularly as new regulations are enacted that affect the dealings and conduct of banks that often provide such liquidity. Because holders of such loans can be provided with confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans may not be as easily purchased or sold as publicly traded securities, and historically the trading volume in the loan market has been smaller relative to certain other markets. Furthermore, to the extent that a Client does not hold a loan investment directly, such as when the Client instead holds through a participation arrangement with a particular counterparty, if the counterparty becomes insolvent then the Client could incur a loss in regard to the underlying loan that is being held on the books and records of the counterparty itself. In these cases, the Client would become an unsecured creditor to the counterparty.

*Fixed Income Securities.* Clients may invest in bonds or other fixed income securities including, without limitation, bonds, notes and debentures, debt securities and commercial paper. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which Clients invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response

to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

*Equity and Equity-Linked Securities.* Clients may invest in equity and equity-linked securities. Such acquisitions may include, without limitation, warrants, publicly traded equity, privately placed equity that is subject to restrictions on transfer, debt that can be converted into equity based on certain conditions, and preferred equity. The value of equity and equity-linked securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, Clients may suffer losses if the return on securities it owns diverges from the Adviser's expectations or if markets generally move in a single direction and the Client has not properly hedged against such a general move. In addition, by holding privately placed securities, Clients are exposed to risks that issuers will not fulfill contractual obligations, such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

*Commercial Mortgage-Backed Securities.* Depending on the investment mandate, a Client's portfolio could include commercial mortgage backed securities ("CMBS"), which are securities backed by obligations (including certificates of participation in obligations) that are principally secured by interests in real property having a multifamily or commercial use, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, nursing homes and senior living centers. CMBS have been issued in public and private transactions by a variety of public and private issuers using a variety of structures, including senior and subordinated classes. Commercial mortgage loans generally lack standardized terms, tend to have shorter maturities than residential mortgage loans, and could provide for the repayment of all or substantially all of the principal only at maturity. All of these factors increase the risk involved with commercial real estate lending. Commercial properties tend to be unique and are more difficult to value than single-family residential properties.

*Prepayment Risk.* The terms of loans in which a Client invest may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Client earlier than expected, either with or without a prepayment premium. This prepayment right could result in the borrower repaying the principal on an obligation held by the Client earlier than expected. This may happen when there is a decline in interest rates, when the borrower's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. Assuming an improvement in the credit market conditions, early repayments of the obligations held by the Client could increase. The yield of a Client's investment assets may be affected by the rate of prepayments differing from the Adviser's expectations. In addition, there is no assurance that the Client will be able to reinvest proceeds received from prepayments in assets that satisfy its investment objectives, and any delay in reinvesting such proceeds may materially affect the performance of the Client. Conversely, if the prepayment does not occur within the Client's term or if the investment does not otherwise become liquid, the term of the Client may be longer than expected or the Client may make distributions in kind. Furthermore, changes in prepayment rates could reduce the value of mortgage loans directly held by the Client or underlying a security held by the Client and volatility with respect to prepayment risks may impair the Client's ability to maintain targeted



amounts of leverage on its portfolio and result in reduced earnings or losses and reduce the availability of cash.

*Preferred Equity Investments.* Clients may invest in preferred equity. Preferred equity investments typically are subordinate to debt financing and are not secured. Should the issuer default on a Client's investment, the Client would only be able to proceed against the entity that issued the preferred equity in accordance with the terms of the preferred security, and not any property owned by the entity. Furthermore, in the event of bankruptcy or foreclosure, the Client would only be able to recoup its investment after any lenders are paid. As a result, the Client may not recover some or all of its investment, which could result in losses.

*Sponsor Risk.* There are no restrictions on the credit quality of the properties and/or other collateral securing a Client's loans. While the Adviser may seek to over-collateralize loans secured by properties that it deems to be of lesser quality, loans arranged by the Client may nonetheless have exposures to default in payment of interest and/or principal due to risks relating to such properties, and the market values of such properties also tend to be more sensitive to changes in economic conditions than better quality properties. As a result, the Client's portfolio of investments could be highly concentrated with a limited number of sponsors or property managers, and the financial distress of, or other reputational risks associated with, any such sponsor or property manager could have a disproportionate and adverse impact on the Client.

*Real Estate.* Real estate investments (both debt and equity) generally will be subject to risks related to the ownership and operation of commercial real estate and/or risks involved with making nonrecourse mortgage loans secured by real estate, including (i) risks associated with both the domestic and international general economic climate; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing; (viii) energy and supply shortages; (ix) changes in the tax, real estate, environmental and zoning laws and regulations; (x) various uninsured or uninsurable risks; (xi) natural disasters; and (xii) the ability of Clients or third-party borrowers to manage the real properties. With respect to investments in the form of real property, the Client may incur the burdens of ownership of real property, which include paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. With respect to investments in equity or debt real estate securities, a Client may in large part be dependent on the ability of third parties to successfully manage the underlying real estate assets. There can be no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid.

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

**ITEM 9**  
**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

## ITEM 10

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

#### Other Related Entities

##### *MSD Real Estate Partners, L.P. and MSD Real Estate Management, LLC*

The Adviser is affiliated with MSD Real Estate Partners, L.P. (“MSD Real Estate”), which is a partnership that was formed by certain partners of the Adviser’s real estate equity team. MSD Real Estate is primarily engaged in acquiring, owning and operating real estate equity investments and conducts its investment advisory activity through its wholly owned subsidiary, MSD Real Estate Management, LLC (“MSD Real Estate Management”), which serves as investment manager to certain real estate Clients. MSD Real Estate Management is a relying adviser of the Adviser, relying upon the Adviser’s investment adviser registration with the SEC.

##### *MSD Admin Services, LLC*

MSD Admin Services, LLC (“MSD Admin”), a Delaware limited liability company, is a wholly owned subsidiary of the Adviser that provides loan agent services with respect to certain loans held by Clients and may be compensated by the borrower for such services. Any fees paid or retained by MSD Admin for servicing are at “arms-length” rates or terms and not offset against advisory fees. See Item 11 below for additional information on rates charged by service providers. To the extent the Adviser recommends or selects the servicer, the Adviser has an incentive to recommend or select MSD Admin. MSD Admin generally will retain a third party to act as sub-servicer and perform day-to-day servicing responsibilities, including directing payments to and from the borrower.

##### *BDT Capital Partners, LLC*

Both the Adviser and BDT Capital are subsidiaries of BDT & MSD Holdings. BDT Capital, a Delaware limited liability company, was founded in 2009 and serves as investment manager to certain clients that primarily make investments in privately held or publicly-traded companies, which are likely to include minority investments and control stakes, opportunistic investments in public and private debt, equity, hybrid securities, options and warrants, growth equity, as well as participating in “going private” transactions. BDT Capital is a registered investment adviser with the SEC.

Pursuant to an agreement between BDT Capital and DFO Management, the family office for Michael Dell and his family, each party to the agreement and certain BDT & MSD personnel provide services and support to the other. Such services and support are generally provided on a cost basis. Those BDT & MSD personnel who provide services to the family office, or to multiple Clients, will have a conflict in allocating their time and services. See Item 11 “*Multiple Clients*” below for additional information.

##### *BDT & MSD Partners, LLC*

The beneficial owners of the Adviser are also beneficial owners of BDT & MSD (CRD No. 150459), a broker-dealer registered with the SEC and a member of the FINRA (together with its affiliated entities providing broker-dealer services, “BDT & MSD”). Certain BDT & MSD employees are registered representatives or registered principals of BDT & MSD. See Item 11

below for a description of material conflicts of interest created by the Adviser's relationship with BDT & MSD, how such conflicts are handled as well as additional information on rates charged by service providers.

*BDT & MSD Partners International, LLP*

BDT & MSD Partners International, LLP ("BDT & MSD UK") is an affiliated U.K. MIFIDPRU firm authorized and regulated by the U.K. Financial Conduct Authority. The material conflicts of interest created by the Adviser's relationship with BDT & MSD UK are substantially similar to the material conflicts of interest described for BDT & MSD. BDT & MSD UK shares the same ultimate beneficial owners as the Adviser.

*BDT & MSD Partners Europe GmbH*

BDT & MSD Partners Europe GmbH ("BDT & MSD Germany") is a German limited company authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") under firm reference number 155370. BDT Germany is regulated by both BaFin and the German Federal Bank (Deutsche Bundesbank, "Bundesbank"). BDT & MSD Germany shares the same ultimate beneficial owners as the Adviser.

The material conflicts of interest created by the Adviser's relationship with BDT & MSD Germany are substantially similar to the material conflicts of interest described for BDT & MSD.

*BDT & MSD Partners International, LLP – Dubai Branch*

BDT & MSD Partners International, LLP – Dubai Branch ("BDT & MSD UAE") is a branch of BDT & MSD UK and is an authorized firm regulated by the Dubai Financial Services Authority ("DFSA") with DFSA Firm Reference No. F008685.

The material conflicts of interest created by the Adviser's relationship with BDT & MSD UAE are substantially similar to the material conflicts of interest described for BDT & MSD.

## **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 every BDT & MSD employee as well as every natural person (whether or not an employee of the Adviser) who is subject to the Adviser's supervision and control who (i) has access to nonpublic information regarding a Client's purchase or sale of securities, (ii) is involved in making securities recommendations to a Client, or (iii) has access to securities recommendations to a Client that are nonpublic.

The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. BDT & MSD personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Client, subject to the terms of the Code of Ethics. Under the Code of Ethics, BDT & MSD personnel are required to file certain periodic reports with the Adviser's Chief Compliance Officer ("CCO") and to annually certify compliance with the Code of Ethics. BDT & MSD personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

BDT & MSD 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.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: [compliance@bdtmsd.com](mailto:compliance@bdtmsd.com).

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

The Adviser, its affiliates and BDT & MSD personnel may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for certain Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Potential conflicts also could arise due to the fact that the Adviser, its affiliates and their personnel could have investments in some Clients, but not in others, or could have different levels of investments in the various Clients.

The Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and periodic monitoring of employee trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

In addition, BDT & MSD personnel may have a direct or indirect pecuniary interest in a Client as a result of (i) direct investments in that Client or (ii) ownership interests in the Adviser's

affiliates that are entitled to receive Management Fees and/or Incentive Allocation from a Client. A Client or its general partner, as applicable, may reduce all or a portion of Management Fees and/or Incentive Allocation related to investments held by such persons.

Due in part to the fact that potential or current investors in a Client (including purchasers of an investor's interests in a secondary transaction) or a co-investment opportunity may ask different questions and request different information, the Adviser may provide certain information to one or more prospective or current investors that it does not provide to all of the prospective investors or current investors. In addition, the beneficiary of DFO Management, who is an investor in Clients and also an indirect minority owner of the Adviser has in the past and will in the future be given access to certain information not available to other Client investors, and such investor has and expects to participate as an observer in Adviser investment committee meetings. Similarly, DFO Management employees have in part and will in the future be given access to certain information not available to other Client investors.

### **Certain Conflicts of Interest**

The Adviser and its related entities engage in a range of financial services activities, including investment activities for their own account. In the ordinary course of conducting its activities, the interests of a Client may conflict with the interests of the Adviser, other Clients or their respective affiliates. Certain material conflicts of interest encountered by a Client, as well as a description of how the Adviser addresses such conflicts of interest, are discussed below. Others are disclosed throughout this brochure, including in Item 6 with respect to performance fees, and/or in each Client's Governing Documents.

#### *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 subject to the Clients' Governing Documents. In resolving conflicts, the Adviser will consider various factors, including the interests of the applicable Clients 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 may mitigate, but will not eliminate, conflicts of interest:

- A Client will not make an investment unless the Adviser believes that such investment is an appropriate investment considered from the viewpoint of such Client;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant Governing Documents for the Clients;
- Consultation with an advisory committee, where applicable, (which may be an advisory committee for multiple Clients), consisting of representatives of investors not affiliated with the Adviser (each a "Client Advisory Committee"). These Client 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;
- The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;

- Where the Adviser deems appropriate, unaffiliated third parties are used to help resolve conflicts, such as the use of an independent third party to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Client, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Client.

In addition, certain provisions of a Client's Governing Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Client and its ability to achieve its investment objectives. 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 Clients and the Clients' investors are not entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

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

In connection with its investment activities, the Adviser encounters situations in which it must determine how to allocate investment opportunities (including follow-on investments) among various Clients, Co-Investors, clients of its affiliates, and other persons (including, for example, individuals and entities that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Clients in particular transactions and/or individuals or entities acting as "co-sponsors" with the Adviser with respect to a particular transaction).

The Adviser, its relying adviser(s) and BDT Capital have adopted joint policies with respect to allocation of investment opportunities among their clients (collectively, the "BDT & MSD Clients") consistent with the process and factors outlined below. They have also established an investment committee and investment sub-committees in respect to private credit, growth and real estate equity investments to apply the allocation principles described below and make allocation decisions in certain situations where the investment interests of multiple BDT & MSD Clients overlap. The composition of these committees includes senior BDT & MSD personnel.

The BDT & MSD Clients are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"), including as set forth in their respective governing documents. To the extent the BDT & MSD Clients have overlapping investment strategies, the Adviser, its affiliated investment adviser, and/or the applicable investment committee maintain, subject to the applicable BDT & MSD Clients' governing documents, discretion in making allocation decisions among the BDT & MSD Clients. In making such allocations, the Adviser, its affiliated investment advisers, and/or the applicable investment committee consider such factors that it determines in its sole discretion to be relevant, which may include each BDT & MSD Clients' differing investment strategies, structures, terms of offerings and other relevant investment factors including but not limited to those set forth below. Allocation of investment opportunities are subject to the oversight of the Adviser's CCO or designee and with respect the allocation of certain investment opportunities among multiple credit Clients or credit and real estate equity Clients the oversight of the Adviser's Credit Allocation Committee.

Once the BDT & MSD Clients that will participate in a particular investment have been identified, the Adviser and its affiliates, in their discretion, decide how to allocate such investment opportunity among the identified BDT & MSD Clients. Generally, where an investment opportunity is deemed appropriate for multiple BDT & MSD Clients, the opportunity is allocated on a *pro rata* basis based on available capital. However, the Adviser, as well as its affiliates, allocates certain investment opportunities on a non-*pro rata* basis and in doing so considers a wide range of factors, including but not limited to:

- The investment objectives, strategies and structure of the Client, including the risk appetite, tolerance and/or capacity of the Client, the existence of an opt-in right with respect to investment opportunities negotiated by the Client, and the availability of other suitable investments for each Client;
- Each Client's liquidity and reserves;
- Each Client's diversification (including the actual, relative or potential exposure of a Client to the type of investment opportunity in terms of its existing portfolio);
- Percentage position, such as allocations effected to reach portfolio managers' target percentage positions, or when "rebalancing" due to withdrawals and/or subscriptions;
- Client composition, such as asset size, size of potential investment and transaction costs relative to assets under management, as well as industry, sector and country weightings and exposure considerations/concentration;
- Any "ramp-up" period of a newly established Client or other considerations related to life cycle of the Client;
- Amount of capital available for investment by each Client;
- The seniority of an investment and other capital structuring criteria;
- Supply or demand of an investment opportunity at a given price level;
- Whether an investment opportunity requires additional consent or authorizations from the Client, investors or third parties;
- Risk considerations as well as current market conditions and transaction terms, such as execution opportunities and costs;
- Cash flow considerations;
- Place in capital structure and whether an overlapping investment with another Client;
- Odd-lot or *de minimis* positions;
- Transaction sourcing and/or any existing relationship with the relevant portfolio company; and



- Any other relevant limitations imposed by or conditions set forth in the applicable Governing Documents of a Client or specific pre-determined principles established by the Adviser and/or its affiliated investment advisers.

In allocating investment opportunities among the BDT & MSD Clients, the Adviser and its affiliates will not favor or disfavor, consistently or consciously, any Client or class of Clients in relation to any other Client or BDT & MSD Client. 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 BDT & MSD Client in hindsight.

The Adviser or its affiliates may determine to offer an investment opportunity related to an investment previously made by a BDT & MSD Client at the exclusion of, or resulting in a limited offering to, other BDT & MSD Clients. Similarly, in certain circumstances, regulatory, legal or policy restrictions imposed on significant investors in the BDT & MSD Clients cause a Client to be prohibited from participating in an investment (or, in some circumstances required to make a certain investment, or not make, as the case may be) that the Adviser and/or its affiliates would otherwise seek to make on behalf of a given BDT & MSD Client, including (without limitation) participating in new issue offerings. These restrictions can also impact allocations.

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 BDT & MSD Clients with differing fee, expense and compensation structures, the Adviser and its affiliates have an incentive to allocate investment opportunities to the BDT & MSD Clients from which the Adviser, its affiliates and/or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, the Adviser and its affiliates will not allocate investment opportunities among the BDT & MSD Clients based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any BDT & MSD Client or (ii) the profitability of any BDT & MSD Client as it would impact the Adviser, its affiliates or its related persons.

Due to the differences in the applicability of allocation factors to each BDT & MSD Client, there may be differences in the invested positions and securities held between BDT & MSD Clients within the same investment strategy. The Adviser and its affiliates are not obligated to purchase or sell an investment instrument or provide an investment opportunity to a BDT & MSD Client because the Adviser or an affiliate purchases or sells the same investment instrument for or provides an opportunity to another BDT & MSD Client if, in the reasonable opinion of the Adviser and/or its affiliate, the transaction does not appear to be suitable, practical or desirable for the BDT & MSD Client. In addition, subject to a BDT & MSD Client's governing documents, one BDT & MSD Client may hold, acquire or dispose of positions in an investment in which another BDT & MSD Client invests or has invested. Such investments and transactions may raise potential conflicts of interest for the Adviser and its affiliates, particularly if BDT & MSD Clients invest in different classes or types of securities of the same investment. In that regard, actions taken by one BDT & MSD Client may be adverse to another BDT & MSD Client, including, but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter. See *"Conflicts Related to Purchases and Sales"* below.

The Adviser and its affiliates, as well as Adviser principals and other BDT & MSD personnel, invest indirectly in and may be permitted to invest directly in BDT & MSD Clients and may

therefore participate indirectly in investments made by the BDT & MSD Clients in which they invest. Such interests will vary by client and may create an incentive to allocate particularly attractive investment opportunities to the BDT & MSD Client in which such persons hold a greater interest. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a BDT & MSD Client. For example, additional conflicts could arise to the extent the Adviser and/or its affiliates, or BDT & MSD personnel, hold an outsized economic position in any of the participating BDT & MSD Clients. In such cases, the Adviser could be incentivized to manage such arrangements in a manner that would enhance the returns of the BDT & MSD Clients in which the Adviser and/or its related parties hold a substantial portion of the equity, even to the detriment of other BDT & MSD Clients. See “Allocation of Co-Investment Opportunities” below.

Certain Clients are subject to regulatory limitations on their ability to invest in the same issuer as other Clients. The Adviser and its affiliates have received an order from the SEC that permits the Adviser’s business development company, MSD Investment Corp. (“MIC”), to co-invest in portfolio investments with certain other Clients. On February 16, 2022, and as amended on August 31, 2022, MIC received an exemptive order from the SEC (the “Co-Investment Order”) (Company Act Release No. 34509) permitting the Adviser to engage in co-investment opportunities that involve the participation of both non-registered Clients and MIC, subject to certain terms and conditions. As a result, to the extent specific investment opportunities are appropriate for a Client and MIC, in addition to being subject to the Adviser’s allocation policy, the opportunity will also be subject to the conditions of the Co-Investment Order and other requirements, which could limit a Client’s ability to participate in a co-investment transaction. Reliance on the Co-Investment Order is subject to certain terms and conditions, including, among others, internal notification of investment opportunities, independent determination by MIC’s portfolio managers as to the appropriateness of each applicable investment, enhanced record keeping and, where applicable, approval of a “required majority” (as defined in Section 59(o) of the Investment Company Act) of the independent directors of MIC. There can be no assurance that the Co-Investment Order will facilitate the successful consummation of investment opportunities that MIC believes are available to Clients as a result of the Co-Investment Order. As a result of the Co-Investment Order, there will be a need to allocate investment opportunities across a larger amount of available capital. As a result, the allocations available to Clients for investment opportunities that are subject to the Co-Investment Order could be adversely affected such that certain Clients will not be able to participate in all investment opportunities pursued under the Co-Investment Order that are within its investment objectives. In addition, because the Co-Investment Order contains certain requirements relating to the allocation of investment opportunities among Clients and MIC, it is also possible that differentials in the size of the respective funds or their preferred order sizes could result in a materially reduced allocations of certain investments to certain of such vehicles. In certain circumstances, a Client will not be able to participate at all in an investment if MIC is participating. Similarly, there could be certain circumstances in which MIC and other Clients participate in the same transaction and due to subsequent events, certain of such vehicles cannot participate in add-on investments in the same issuer. Investment opportunities that are subject to the Co-Investment Order are also subject to additional policies and procedures as a result of the participation of MIC, which could delay deal execution and adversely impact the ability of Clients to deploy capital.

### *Allocation of Co-Investment Opportunities*

Each co-investment opportunity (should any exist) is likely to be different and the allocation of each such opportunity will be dependent upon facts and circumstances specific to that unique situation. The Adviser reserves the right to allocate co-investment opportunities in its sole discretion and considers a range of factors. The Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons. The Adviser or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a BDT & MSD Client that often have more favorable rights and/or terms than the Clients and/or other Co-Investors. Any such vehicle will be established at the Adviser or its affiliates' sole discretion, and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor. See Item 6 for further information regarding the allocation of co-investment opportunities and related expenses.

The Adviser and its affiliates, certain BDT & MSD personnel (including previous officers, directors, advisors or ex-employees of the Adviser), along with Related Investors have invested, and are expected to continue to invest alongside BDT & MSD Clients in certain investment opportunities, up to applicable percentage limitations set forth in the Governing Documents of the applicable BDT & MSD Client. In addition, Related Investors have the right to acquire any co-investment interests offered to individuals serving as directors or officers of portfolio investments. The Adviser and its affiliates expect to determine, on a case-by-case basis, that other persons are permitted to invest alongside Related Investors (such persons, "eligible participants"), particularly if such persons were involved in the sourcing or execution of the applicable transaction, including consultants, members of the Advisory Board, employees of DFO Management, or other persons the Adviser determines to include for strategic or other reasons, including because of relationships with Adviser, its Clients or portfolio investments.

Conflicts of interest arise in connection with the management of the BDT & MSD Clients and portfolio investments by those Related Investors and other eligible participants, which could adversely impact the BDT & MSD Clients. For instance, such persons will co-invest in certain portfolio investments and not others, and co-investments will be at differing amounts. In such cases, there will be an incentive to allocate more time, services or functions with respect to co-investments from which those persons would derive a higher economic benefit, even if it would be in a BDT & MSD Client's interest for those persons to prioritize other portfolio investments that would be more significant drivers of overall BDT & MSD Client's returns. In addition, there are conflicts of interest with respect to other transactions, governance and engagements with respect to the portfolio investments co-invested in by Related Investors and other eligible participants, including with respect to leveraging and recapitalization transactions involving portfolio investments, follow-on investments and engagements with service providers and consultants.

The Adviser will generally seek to ensure that any Related Investor and other eligible participant Co-Investors as well as the BDT & MSD Clients participate in any co-investment and any related transactions on comparable economic terms to the extent reasonably practicable and subject to legal, tax and regulatory considerations, though such participation could not be practicable in all circumstances and will depend on terms negotiated by such Co-Investors, and a BDT & MSD Client could potentially participate in such investments on different and potentially less favorable economic terms than such parties. Related Investors and other eligible

participant Co-Investors will generally be required to participate on a *pro rata* basis in follow-on investments, though exceptions may be permitted. Any co-investment by Related Investors and eligible participants may affect the Adviser's decision to offer certain opportunities for investor co-investment, will reduce the amount that could have otherwise been invested by one or more other co-investors (including investors in an BDT & MSD Client) and may constitute the entire co-investment with respect to a particular opportunity.

To the extent permitted by applicable law and a Client's Governing Documents, the Adviser or its affiliated broker-dealer may receive commissions or fees in connection with sales of assets by a Client to Co-Investors or co-investment vehicles. Such amounts will offset or reduce Management Fees only to the extent required by the applicable Client's Governing Documents.

#### *Cross Trades and Principal Transactions*

The Adviser directs, subject to applicable Client investment guidelines and restrictions, one Client to sell an investment to another Client through a "Cross Trade" for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs that may arise in an open market transaction. Cross Trades give rise to potential conflicts of interests between Clients and between Clients and the Adviser. For example, one Client could be advantaged to the detriment of another Client in the event that the investments being exchanged are not priced in a manner that reflects their fair value. In addition, the Adviser could use its investment authority to transfer unappealing investments from one Client to another Client. If the Adviser decides to engage in a Cross Trade, it will determine that the trade is in the best interests of each Client involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

To the extent that Cross Trades are viewed as principal transactions due to the ownership interest in a Client or separately managed account by the Adviser or BDT & MSD personnel, the Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be approved or disapproved by (i) a Client Advisory Committee comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

#### *Multiple Clients*

Certain inherent conflicts of interest arise from the fact that the Adviser provides investment management services to more than one Client that could have overlapping or even conflicting investment objectives or strategies, and that the Adviser is affiliated with through common ownership with other investment advisers, namely BDT Capital. These activities could adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more BDT & MSD Clients. For example, the Adviser and its affiliates could recommend investments to or purchase securities for the account of one BDT & MSD Client that could differ from investments recommended or bought for other BDT & MSD Clients, even though the investment objectives of the BDT & MSD Clients involved could be similar or even identical. Moreover, the BDT & MSD Clients (or BDT & MSD personnel) could make investments or engage in other activities that express inconsistent views with respect to an entity in which they have invested, a particular security or relevant market

conditions. For example, the Adviser may purchase a particular security for one Client and sell it short for another Client. Finally, the Adviser expects to make other business decisions on behalf of certain Clients relating to investments independently of the manner in which it approaches a similar or even the same investment of other Clients. By way of example, the Adviser may choose not to hedge certain risks it hedges on behalf of other Clients.

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

In some instances, however, as noted earlier, the Adviser could (and often does) choose to coordinate its activities with respect to investments held by more than one Client. Such coordination could have the effect of either raising or lowering the returns with respect to an investment relative to what might have been achieved absent such coordination. The Adviser is not obligated to engage in such coordination and, in fact, may elect not to do so in any particular circumstance in its sole discretion.

It is the Adviser's policy to allocate investment opportunities among all Clients fairly, to the extent practical and in accordance with each Client's applicable investment strategies, over a period of time. The Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Client solely because the Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any other Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical, efficient or desirable for a particular Client or the investment opportunity is otherwise limited in nature.

In addition, the Adviser may consider an investment opportunity for one Client and then subsequently determine to have another Client make the investment. In making any such reallocation determination, the Adviser will consider a variety of factors, including those set forth above under "*Allocation of Investment Opportunities Among Clients.*" Conflicts of interest arise in connection with such a reallocation, including those set forth above under "*Allocation of Investment Opportunities Among Clients.*" A conflict of interest exists because the investing Client will benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Client for which the investment was initially considered. In certain cases, such reallocation determination can be expected to occur after a significant period of time has passed and the Client to which the investment was originally allocated has incurred substantial out-of-pocket expenses in connection with evaluating, investigating and diligencing such investment. In the event that the investing Client

does reimburse the original Client for out-of-pocket expenses incurred in connection with evaluating, investigating and diligencing such investment, the investing Client typically will not pay interest on any such amounts reimbursed to the original Client. Alternatively, if the investing Client does pay interest on such amounts to the initial Client, there can be no assurance any such interest will be paid over at the same time as such reimbursement or that the amount of such interest will be sufficient to compensate the original Client for the time since it deployed capital to pay such expenses. The Adviser experiences conflicts of interest in connection with causing one Client to incur expenses that may ultimately benefit another Client (or fund advised by its affiliate), and similarly experiences conflicts of interest in determining the need for, calculating the amount of, and effecting any such reimbursement, as such arrangements may involve the discharge of a liability that one Client (or fund of the Adviser's affiliate) owes to another Client, and in all such cases these determinations, calculations, and terms are not arm's length arrangements and there can be no assurance that the allocation of such expenses is in the best interest of the Clients. There can be no assurance that the amounts reimbursed to the original Client will be commensurate with the benefit received by the investing Client.

In addition, potential conflicts of interest, including those identified above between the Adviser's Clients, may arise in connection with the Adviser's affiliation with BDT Capital, with such conflicts arising among BDT & MSD Clients. As noted previously, the Adviser, together with BDT Capital, has established certain investment committees to make allocation decisions consistent with the principles identified herein where the investment interests of Clients and affiliates overlap, which will be subject to the oversight of the Adviser's CCO or designee and in certain instances the Credit Allocation Committee. In addition, conflicts will arise where a Client has or makes an investment that a BDT Capital client makes or has made. There can be no assurance that any such conflict that arises as a result of the same or a similar investment (including potentially in different parts of the capital structure) will be resolved in a manner beneficial to Clients.

Certain BDT & MSD employees provide services to certain of the Adviser's investments that are not Clients. By way of example, BDT & MSD employees that are involved in providing portfolio management services to certain Clients have direct incentive compensation arrangements with other Clients or the Adviser's investments that pay incentive or other compensation to their general partners or persons involved with or responsible for their respective investments. Such BDT & MSD employees are incentivized to: (i) dedicate additional time and resources to other Clients or such other of the Adviser's investments with which such persons have a direct incentive compensation arrangement; and (ii) allocate attractive investment opportunities to such Clients or such other the Adviser investments instead of certain Clients, each of which could have a detrimental effect on the performance of such Clients. The Adviser addresses these conflicts of interest by providing in the Adviser's Code that all BDT & MSD employees have a duty to act in the best interests of each Client, providing training with respect to conflicts of interest and how such conflicts are resolved under the Code, and through the implementation of the investment allocation procedures described above.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions may present conflicts of interest, which may include the determination of the equity component and other terms of the new financing as well as the allocation of an investment opportunity in the case of a follow-on acquisition by one

BDT & MSD Client in a portfolio investment in which another BDT & MSD Client has previously invested. In addition, a BDT & MSD Client may participate in releveraging and recapitalization transactions involving portfolio investments in which another BDT & MSD Client has already invested or will invest. Conflicts of interest may arise, such as the determination of whether existing investors are being cashed out at a price that is not market value and whether new investors are paying market value for a company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Furthermore, a conflict of interest may also arise when a BDT & MSD Client that participates in a follow-on investment in a portfolio investment held by another BDT & MSD Client benefits from the initial evaluation, research, investigation, due diligence, and investment monitoring and activities undertaken by the Adviser on behalf of the original BDT & MSD Client and from operational or other information about such portfolio investment acquired from the original BDT & MSD Client's ownership of interests in the portfolio investment. In such circumstances, such benefitting BDT & MSD Client or BDT & MSD Clients will not be required to reimburse the original BDT & MSD Client for expenses incurred in connection with researching such investment. An investment in which another BDT & MSD Client invests at a later stage may be made at a higher or lower valuation than the investment by such original BDT & MSD Client and an investment by one or more other BDT & MSD Clients in any such investment may dilute the original BDT & MSD Client's interest in such portfolio investment.

Additionally, the Adviser and/or an affiliate at times will make a follow-on or other investment in a portfolio investment because such investment protects the rights given to the investing Client (or another BDT & MSD Client) previously or for strategic reasons, even when such investment's valuation has decreased since the original investment. These protections may benefit and/or accrue to other BDT & MSD Clients, at the expense of the current BDT & MSD Client(s) investing in such follow-on or other investment.

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

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Clients 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 Clients, the Adviser, or affiliates of the Adviser, which may result in the receipt of discounts by 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 with the portfolio companies providing the products and services, while the products or services recommended may not necessarily be the best available to the other portfolio companies or provided at the lowest available cost. The benefits received by a portfolio company providing a service may be greater than those received by the Client(s), the Adviser or its affiliates and its portfolio companies receiving the service.

The Adviser may also have an incentive to recommend the products or services of certain investors or prospective investors in the Clients or their related businesses to the Clients or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Clients or the portfolio companies.

In addition, the Adviser or its affiliates engage in business with investors and prospective investors including, without limitation, entering into lending arrangements with such investors

and prospective investors, and the Adviser or its affiliates will receive fees or other payments in connection with such arrangements. Neither the Clients nor Client investors as a group will benefit from any transactions between the Adviser or its affiliates, on the one hand, and an investor or prospective investor, on the other hand.

Portfolio companies controlled by a Client have in the past, and may, in the future, provide services to the Adviser, certain Client investors or prospective investors. This creates a conflict of interest, 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 Client. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Client.

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

In addition, the Adviser may cause a Client to transact with a portfolio company of the Client or another Client, including purchasing an asset from, or selling an asset to, a portfolio company. This creates a conflict of interest as the interests of the purchasing or selling Client differ from those of the counterparty portfolio company.

In certain instances, a Client's portfolio company competes with, is a customer of, or is a service provider to, another Client's portfolio company. In providing advice to a portfolio company's business, the Adviser may consider the interests of one portfolio company or Client and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Clients. 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 Client. 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.

A Client's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Clients managed by the Adviser or the Adviser's affiliates that, although the Adviser determines to be consistent with the requirements of such Clients' Governing Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that do not reduce the Management Fee as described herein. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the



portfolio companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Client and its portfolio companies. These agreements, transactions and other arrangements will involve payment of fees and other amounts, none of which will result in any offset to the Management Fee. Such agreements, transactions and other arrangements will generally be entered into without the consent or direct involvement of the Clients and/or the Adviser or the consent of any Client Advisory Committee.

The Adviser and its affiliates have in the past and may hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. 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 (including, for instance, preferential hiring arrangements).

### *Service Providers*

Services required by a Client (including some services historically provided by the Adviser or its affiliates to the Clients) 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. The Adviser and its affiliates have an incentive to outsource such services at the expense of the Clients to, among other things, leverage the use of BDT & MSD personnel. Such services may include, without limitation, deal sourcing, information technology, marketing and marketing-reviews, license software, valuation, depository, data processing, client relations, administration, custodial, human resources, compliance, director services, accounting, legal and tax support and other similar services. Outsourcing may not occur universally for all Clients and accordingly, certain costs may be incurred by a Client for a third-party service provider that is not incurred for comparable services by other Clients. The decision by the Adviser to initially perform a service for a Client 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 Clients 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 Clients.

Additionally, BDT & MSD personnel, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Client or a portfolio investment. The Adviser may also have a conflict of interest with the Clients in recommending the retention or continuation of a service provider to the Clients or a portfolio investment if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Clients 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. Although the Adviser selects service providers that it believes will enhance portfolio investment performance (and, in turn, the performance of the relevant Client(s)), there is a possibility that the Adviser, because of financial, business interest or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While the Adviser does not actively negotiate for, or have influence regarding, advantageous service rates or arrangements for comparable services, there will be situations in which the Adviser receives more favorable service rates or arrangements than the Clients or their portfolio investments.

Certain other service providers to the Adviser, the Clients and/or the portfolio investments, or affiliates of such service providers, also provide goods or services to or have business, personal, financial or other relationships with the Adviser, its affiliates, or their respective portfolio investments. Such service providers (or their employees) may also be sources of investment opportunities, be Co-Investors or commercial counterparties or entities in which the Adviser and/or the Clients have an investment. As a result, payments made by a Client and/or such portfolio investments to such service providers may indirectly benefit the Adviser and/or such Client.

The Adviser, its affiliates and the Clients generally will engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Law firms engaged to represent the Clients may also represent one or more portfolio investments or investors in a Client. In the event of a significant dispute or divergence of interest between Clients, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser, its personnel and the Clients and the portfolio investments of the Clients may 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, its personnel, the Clients, and/or the portfolio investments.

The Adviser expects to cause Clients to bear the full cost and expense of engaging certain third-party service providers on behalf of a portfolio company. In the event a Client is not the sole shareholder of the portfolio company, other shareholders will benefit from the costs incurred by such Client and will not reimburse the Client for its *pro rata* portion of the cost of any such service provider. The Adviser or its affiliates and 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, its affiliates or its personnel differ from those required by the Clients and/or its portfolio investments, the Adviser, its affiliates and its personnel will pay different rates and fees than those paid by the Clients and/or its portfolio investments. Notwithstanding the foregoing, the Adviser generally does not negotiate any arrangement with a service provider that provides for a lower rate or discount than those available to a Client or a portfolio investment for comparable services.

In certain circumstances where the Adviser commits or has committed to seek “market” or “arms-length” rates or terms, the Adviser will retain discretion to determine whether the rates are reflective of the range of rates in the applicable or related markets. The Adviser reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, the Adviser undertakes no

minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable, or relate specifically to the assets, services, geographies, or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Adviser reserves the right to rely on approximations or estimates of time for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. To the extent the Clients engage in a long-term or recurring contract with an Adviser affiliated service provider, the Adviser may not seek to benchmark or otherwise renegotiate the original fee arrangement for a significant period of time.

The Adviser or its affiliates engage certain service providers (including law firms) on behalf of the Clients and personnel of such service provider may be seconded to the Adviser or its affiliates on a temporary basis, pursuant to various arrangements including at cost or at no cost, or a service provider may provide the services of certain employees at a discount or at no cost (“Personnel Discounts”). The Adviser may be a beneficiary of Personnel Discounts as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to the Adviser, its affiliates and/or portfolio investments and in any such circumstance the benefits or costs of any such personnel will be allocated in the Adviser’s discretion taking into consideration the usage of such personnel. In such circumstances, a conflict of interest exists because the Adviser or its affiliates have an incentive to select one service provider over another on the basis that the Adviser or its affiliates may receive a Personnel Discount.

Additionally, former BDT & MSD employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Adviser, the Clients and/or portfolio investments. While employed as a BDT & MSD employee, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by BDT Capital or an affiliate unless a Client’s Governing Documents permit certain allocations of internal expenses to the Client. If a former BDT & MSD employee becomes an employee of, or is otherwise engaged by, a third party that also provides services to a Client, such former BDT & MSD employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former BDT & MSD employee working on the Client will be borne entirely by the Client and no such amounts will reduce the Management Fee paid or the carried interest distributed by such Client on the basis that such person used to be a former BDT & MSD employee.

Certain existing real estate portfolio investments held by Clients will receive property management services and support from a team of real estate professionals employed by affiliates of the Adviser (“RE Affiliated Service Providers”). Such RE Affiliated Services Providers will receive fees in respect of property management services provided to these real estate portfolio investments, which will be paid by the real estate assets and therefore indirectly by Clients. While the Adviser believes that any such RE Affiliated Services Providers, when engaged, provide services at rates generally consistent with those available in the market for similar services or otherwise at rates which will not exceed market rates as determined by the Adviser to be appropriate under the circumstances, there is an inherent conflict of interest that incentivizes the Adviser to engage the Adviser’s affiliated services providers over third parties. The fees for services provided by such affiliated 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).

#### *Certain Brokerage Transactions*

As described above in response to Item 10, BDT & MSD, an affiliate of the Adviser, is a broker-dealer registered with the Securities and Exchange Commission and certain management persons of the Adviser are registered representatives or registered principals of BDT & MSD. BDT & MSD's primary business is to provide financial services to closely-held public and private companies and their principals and affiliates worldwide. BDT & MSD also acts as a placement agent for the private placement of securities. In the United States, BDT & MSD generally will act as placement agent for the Clients.

BDT & MSD UK, an affiliate of the Adviser, is a MIFIDPRU firm registered and authorized by the Financial Conduct Authority in the United Kingdom. BDT & MSD UAE is a branch of BDT & MSD UK and is an authorized firm regulated by Dubai Financial Services Authority with DFSA Firm Reference No. F 008685. In addition, BDT & MSD Germany, an affiliate of the Adviser, is a German limited company authorized by BaFin and regulated by both BaFin and Bundesbank. The businesses of BDT & MSD UK, BDT & MSD UAE and BDT & MSD Germany are substantially similar to that of BDT & MSD except that such businesses are not in the United States. The potential conflicts described below for BDT & MSD apply as well to BDT & MSD UK, BDT & MSD UAE and BDT & MSD Germany.

In the course of providing financial services, BDT & MSD may engage in activities that could result in a conflict of interest between the financial services business and the Clients. The Adviser anticipates that some investment opportunities for the Clients will be sourced from clients of the financial services business. To the extent that a Client makes a portfolio investment in, or associated with, a client of BDT & MSD, the interests of the Client and its investors could diverge from those of BDT & MSD, giving rise to potential conflicts of interests. If BDT & MSD is acting as a placement agent for a private offering of securities by one of its clients that is a third-party issuer of such securities, and a Client is a purchaser of those securities, BDT & MSD will remit to the Client, other than certain co-investment Clients, any fee earned in connection with that sale. However, with respect to certain Clients, such fees earned in connection with that sale may offset the Management Fee that will be incurred by the Client as set forth in the applicable Client's Governing Documents.

The Clients may also face restrictions in the resale, hedging or other transfers of all or a portion of a portfolio investment due to the advisory business activities conducted by BDT & MSD or information obtained in connection with such advisory business activities. Further, the Clients may be limited in accumulating further positions in certain portfolio investments due to the advisory business activities conducted by BDT & MSD.

In addition, portfolio companies controlled by a Client may provide services to certain advisory clients of BDT & MSD and its affiliates. The Adviser may have an incentive to cause the portfolio company to favor those advisory clients relative to other or customers in terms of pricing or otherwise, which could adversely affect the company's profitability to the Client.

### *Other Potential Conflicts*

The Adviser and certain BDT & MSD personnel have in the past and may in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Client, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Client expenses may result in “miles” or “points,” rebates, or credit in loyalty/status programs to the Adviser and/or its personnel. 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 Clients, 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 Client, its investors and/or the portfolio companies. In addition, airline travel incurred as a Client expense for BDT & MSD personnel traveling for appropriate Client-related purposes may benefit such BDT & MSD personnel to the extent the trip also serves a personal purpose.

The Adviser has in the past and may in the future, cause one or more Clients to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Clients, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Clients. This may 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 Clients 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 Clients, 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 Client bearing less (or more) premiums, fees, costs and expenses for insurance policies.

### *Conflicts Related to Purchases and Sales*

Certain Clients invest in securities of a company in which other Clients hold different securities in the same company, including equity securities, or loans. Conflicts may arise in these circumstances, particularly where the underlying company is facing financial distress. For example, conflicts of interest may arise in determining: (i) whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced; and (ii) 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, and the terms of any work-out or restructuring or other concessions that may be given in such a situation, and the Adviser may be incentivized to choose a course of action that benefits one Client to the detriment of another Client.

In the event that one Client 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 investment, 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 Client 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 Clients, and/or clients of the Adviser's affiliates, that have invested in the same portfolio investment that do not have the same level of control or influence over the portfolio investment.

The involvement of Clients, and/or clients of the Adviser's affiliates, at both the equity and debt levels also could inhibit strategic information exchanges among fellow creditors, and Clients, and/or clients of the Adviser's affiliates, may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties of a portfolio investment, or to finance growth or other opportunities, the Clients may or may not provide such additional capital. In the event, the Clients determine to provide additional capital, each Client will supply such additional capital in such amounts as determined by the Adviser. In the event one Client is unable to provide its share of additional capital, the other Client may fund more than its share of such amount. As a result, one Client will gain greater exposure to such investment than may have been intended and the other Client will be diluted in such investment. The returns of each Client may be negatively impacted as a result of the foregoing.

A conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a portfolio investment of another Client. Investments by more than one Client of the Adviser or its affiliates in a portfolio investment also raise the risk of using assets of a client of the Adviser or its affiliates to support positions taken by other clients of the Adviser or its affiliates. In addition, there may be differences in timing of entry into, or exit from, a portfolio investment for reasons such as differences in strategy, existing portfolio or liquidity needs. Furthermore, certain Clients and co-investment vehicles may receive securities in kind as a result of an investment disposition. The Adviser may determine, for liquidity, strategy or other reasons, to dispose of the Client's shares and the co-investment vehicle's shares at different times which may result in each entity receiving a different value for the securities. These variations in timing may be detrimental to a Client. BDT & MSD personnel and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Clients, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Client participating in a transaction would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The applicable Client's Governing Documents are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Clients 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. In certain circumstances, if more than one Client is participating in an investment, one Client may bear more than its *pro rata* share of expenses relating to such investment if the other Client or Clients do 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, the Adviser could take steps to reduce the potential conflicts of interest between the various Clients, including causing a Client to take certain actions that, in the absence of such conflict, it would not take (e.g., a Client 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 Client may only invest in securities that to seek to align interests with other investing Clients). Any such steps could have the effect of benefiting one Client or the Adviser at the expense of another Client.

The Clients may enter into equity commitment arrangements whereby, subject to any applicable documentation, a Client agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Clients will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Client 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 and (b) full guarantee arrangements where a Client agrees to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to the Client (including co-investment vehicles through which BDT & MSD Personnel participate) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Clients’ Governing Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or guarantees and, in any event, are not obligated to pay their proportionate share of any reverse termination fees. Therefore, in the unlikely event that a co-investment vehicle defaults on an arrangement with the Client to pay its proportionate share of the equity purchase price (if any) or such an arrangement does not exist, the Client could be held responsible for the entire equity purchase price or reverse termination fee, or obligations, as applicable.

Certain Clients may co-invest with third parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks and conflicts 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 Client, or that the third-party may be in a position to take actions that are inconsistent with the investment objectives of the Clients. There may also be instances where the Clients will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Client participating in a transaction with a third party would be equal to and not less than another Client participating in the same transaction or that it would have been as favorable as it would have been had such situation not existed.

#### *Diverse Membership*

Investors in Clients include taxable and tax-exempt entities and persons domiciled or organized in various jurisdictions and subject to different tax and regulatory regimes. When investors and Clients co-invest alongside each other, they could have conflicting investment, tax and other interests, relating to, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the nature and timing of disposition of investments. As a result, conflicts of interest could arise in connection with decisions made by the Adviser, including as to the nature and structure of investments, that could be more beneficial for one type of investor than for another type of investor. The results of a Client’s activities could affect individual investors differently, depending upon their individual financial and tax situations. In addition, Clients could make investments that could have a negative impact on related investments made by investors in separate transactions. Furthermore, under the new U.S. partnership audit regime, decisions made by the Adviser (or other partnership representative) in connection with tax audits (including whether or not to

make an election under those rules) could be more beneficial to one type of investor than another type of investor. Also, if a Client were required to qualify as a venture capital operating company or a real estate operating company for purposes of the Employee Retirement Income Security Act of 1974, as amended, this could restrict, at any given time, the level of investment which the Client would be able to make in entities that do not qualify as operating companies and/or pursuant to which the Client was unable to attain management rights. In selecting, structuring and managing investments appropriate for Clients, the Adviser considers the investment and tax objectives of the Client or Clients as a whole, not the investment, tax or other objectives of any investor individually. However, there can be no assurance that a result will not be more advantageous to some Clients or investors than to others.

### *Continuation Transactions*

The Adviser may determine that it is in the best interest of a Client to hold an investment (the “selling Client”) to transact with another Client (the “purchasing Client”) in order to provide the selling Client’s investors with an option to either: (1) receive cash proceeds from the selling Client’s sale or transfer of such portfolio company and/or (2) “roll” (i.e., retain) its interest in such portfolio company. These types of transactions are often referred to as “continuation transactions.” In connection with such continuation transactions, the Adviser may require the investors in the purchasing Client to make an additional investment in a Client or commit to invest in a future Client. In addition to those conflicts of interest described above under “*Cross Trades and Principal Transactions*,” conflicts of interest arise in these continuation transactions because (i) the Adviser and its affiliates are charging investors in the purchasing Client a Management Fee and carried interest (which economics are likely to be different than the selling Client) and the transactions have the potential to result in the receipt of additional Management Fees and carried interest by the Adviser and its affiliates; (ii) the Adviser and BDT & MSD personnel are expected to have the ability to make material investments in the purchasing Client, which may cause them to take actions that benefit the purchasing Client; (iii) the Adviser is actively involved in negotiating the terms of the sale on behalf of the selling Client, on the one hand, and the purchasing Client, on the other hand (including allocation of expenses incurred in the transaction); and/or (iv) of the requirement for an investor in the purchasing Client to make an investment in a Client or a commitment to invest in a future Client, which (a) incentivizes the Adviser to favor such investors because of the potential for the Adviser and its affiliates to earn additional Management Fees 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 Client. 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 Client or vice versa.

To the extent not addressed in a Client’s Governing Documents, the Adviser will address conflicts of interest that arise in connection with continuation transactions considering items, as relevant, as set forth above under “*Cross Trades and Principal Transactions*.”

### *Directors of Portfolio Companies*

Additional conflicts of interest arise because certain BDT & MSD employees serve as directors of, or acquire observer rights with respect to, certain companies in which Clients invest. In the event such person: (i) obtains material non-public information in such capacity with respect to



any such company; or (ii) is subject to trading restrictions pursuant to the internal policies of such company, the Adviser could be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition could have an adverse effect on Clients. In addition to any fiduciary duties that BDT & MSD employees owe to Clients, as directors of portfolio companies, these BDT & MSD employees could owe fiduciary duties to shareholders of the portfolio companies, which could be other Clients, and to persons other than Clients.

In general, such director or similar positions are often important to Clients' investment strategies and could have the effect of enhancing the Adviser's ability to manage investments. However, such positions could have the effect of impairing the ability of the Adviser to sell the related securities when, and upon the terms, they could otherwise desire. In addition, because of the potential conflicting fiduciary duties that BDT & MSD employees owe to a portfolio investment, on one hand, and that the Adviser owes to the Clients, on the other hand, such positions could place BDT & MSD employees in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the shareholders of the portfolio investment. Should an BDT & MSD employee make a decision that is not in the best interests of the shareholders of a portfolio investment, such decision could subject the Adviser and certain Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify the Adviser and BDT & MSD employees from such claims. In addition, BDT & MSD employees could make decisions for a portfolio investment that negatively impact returns received by a Client investing in the portfolio investment or in other investments or, conversely, the Adviser could make a decision that negatively impacts a portfolio investment and the returns for other Clients that could be invested in the portfolio investment. In addition, because of conflicting fiduciary duties, the Adviser could be restricted in choosing investments for Clients, which could negatively impact returns received by the Client.

#### *Insurance Coverage*

The Adviser's Clients are covered under the Adviser's professional liability insurance policy and do not separately maintain professional liability insurance. To the extent a claim arises relating to any of the insureds during a policy period that erodes some or all limits under the Adviser's policy, there will be less coverage, or potentially no coverage, available for all insureds under the policy for the remainder of the policy period.

#### *Participations; Assignments*

Certain Clients could offer other Clients participations in and/or assignments or sales of loans and securities that the Client has originated or purchased. In the event of such an offer to other Clients, in certain circumstances (such as in a "season and sell" structure) the price of the participation, assignment or sale will not be set by the Adviser but rather will be established based on third-party valuations. In determining the target amount to allocate to a particular investment opportunity, the Client will take into consideration the fact that it anticipates selling, assigning or offering participations in such investment to third parties and to other Clients as described above. If the Client is not successful in offering such participations, assignments or sales, the Client will be forced to hold the portion that it intended to transfer or syndicate, until such time as it can be disposed. This could result in the Client being "overweighted" with respect to a particular borrower, issuer or company.

### *Shared Personnel*

BDT & MSD personnel will devote such time to the relevant Clients as it determines to be necessary to conduct its business affairs in an appropriate manner. However, personnel, including members of the Investment Committee, will work on other projects, serve on other committees and source potential investments for and otherwise assist the investment programs of clients of the Adviser's affiliates and their portfolio investments. Certain members of the Clients' investment teams are also members of other Clients' or other affiliated clients investment teams and will continue to serve in those roles (which in some cases is their primary responsibility) and as a result, not all of their business time will be devoted to a particular Client. Time spent on these other initiatives diverts attention from the activities of the Clients, which could negatively impact the Clients and their investors. Certain non-investment professionals are not dedicated solely to a particular Client and are permitted to perform work for other Clients or the clients of affiliated advisers which is expected to detract from the time such persons devote to a particular Client. Furthermore, BDT & MSD personnel derive financial benefit from these other activities, including fees and performance-based compensation. Personnel of the Adviser's affiliates share in the fees and performance-based compensation from the Clients; similarly, BDT & MSD personnel share in the fees and performance-based compensation generated by clients of the Adviser's affiliated advisers. These and other factors create conflicts of interest in the allocation of time by BDT & MSD personnel.

### *Shared Resources*

In certain circumstances, a portfolio investment could be in the business of providing goods or services that are, or could be utilized by another portfolio investment, portfolio investment or property, including a portfolio investment owned by a different Client or affiliate of the Adviser. The provision of such services by certain existing and potential portfolio investments could incentivize the Adviser to facilitate arrangements with portfolio investments of other Clients in order to create business opportunities for the portfolio investment providing such services. As a result of this conflict, services provided by a portfolio investment to another portfolio investment could be on terms less favorable than they would be if they resulted from a negotiation of a third party.

### *Secondary Transactions*

To the extent the Adviser has discretion over a secondary transfer of interests in a Client pursuant to such Client's Governing Documents, the Adviser will consider such factors as it deems relevant in exercising such discretion. Subject to any restrictions in the Governing Documents of the applicable Client, the Adviser or its related persons may be asked to identify a limited number of persons to potentially acquire the interest being transferred. In addition, the Adviser, its' related persons or its affiliates may acquire the interests being transferred in a Client.

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

The Adviser, BDT & MSD personnel, other related persons of the Adviser and its affiliates have made and may make capital investments in or alongside certain Clients. 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.

The Adviser generally may, in its discretion, (i) contract with any related person of the Adviser (including a portfolio investment of a Client) to perform services for the Adviser in connection with its provision of services to the Clients, and/or (ii) recommend to a Client or a portfolio investment thereof that it contract for services with the Adviser or a related person of the Adviser (including a portfolio investment of a Client) or an entity 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. The Adviser may have an incentive to contract with or recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, BDT & MSD personnel (including, for the avoidance of doubt, through proprietary investment vehicles owned by the Adviser and/or its affiliates) and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Clients. Additionally, the Adviser, BDT & MSD personnel (including, for the avoidance of doubt, through proprietary investment vehicles owned by the Adviser and/or its affiliates) and its affiliates may buy securities in transactions offered to and/or evaluated by, but rejected by, Clients. In such circumstances, the Adviser uses its judgment in determining how to categorize and allocate expenses incurred in connection with such a Client's rejected investment. In certain instances, a conflict may arise because it may be difficult to determine the value of any benefit received by the Adviser, BDT & MSD personnel (in particular, where the investment is made after a period of time has elapsed or after the evaluating Client has been dissolved). In such instances, the Adviser, BDT & MSD personnel and its affiliates may not reimburse the Clients for any expenses or costs incurred in connection with the investigation of the investment opportunity. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Clients. In the event BDT & MSD personnel make an investment with the intent to source future investments for the Clients, there is a greater likelihood that the Clients will make investments in the same portfolio investments in which BDT & MSD personnel hold an interest as described above. If the Adviser, or BDT & MSD personnel have made large capital investments in or alongside the Clients they will have conflicting interests with respect to these investments. In addition, Clients invest in securities of companies in which the Adviser or BDT & MSD personnel have previously invested for their own accounts. Furthermore, the Adviser or BDT & MSD personnel invest for their own accounts in securities of companies in which the Clients have previously invested, and while the significant interests of such persons generally align their interest with the Clients, such persons may have differing interests from the Client with respect to such investments (for example, with respect to the availability and timing of liquidity).

The Adviser, its affiliates and/or BDT & MSD personnel invest in funds or other entities managed by investors in a Client, which could incentivize such BDT & MSD 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 Client for investment opportunities or invest in competing portfolio investments.

By reason of their responsibilities in connection with other activities of the Adviser, certain BDT & MSD personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Clients will not be free to act upon any such information. Due to these restrictions, the Clients 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.

### *Fee Structure*

Because the Management Fee is payable through liquidation of a Client and there is a fixed investment period after which capital from investors in the Clients will only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Clients, based upon capital called or invested by the Clients, this fee structure creates an incentive to defer the realization of investments and/or call or deploy capital when the Adviser would not otherwise have done so. In addition, the valuation of partially realized or unrealized investments may be zero or close to zero. The Management Fee, at certain times during the life of the Clients, payable to the Adviser is based on capital invested and/or committed by investors, and in such instances the Management Fee will be higher than if it was payable based on the fair value of investments.

Additionally, as discussed above in Item 6, the general partners of many Clients are entitled to carried interest under the terms of the Governing Documents of such Clients. Such general partners are affiliates of the Adviser. The existence of the general partners' carried interest may create an incentive for the general partners to cause such Clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

The Governing Documents of certain Clients permit the general partner of each such Client to cause such Client to distribute such general partner's share of securities resulting from an investment disposition by such Client to such general partner or its affiliates (including managing directors and other employees) in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the general partners and the investors in the applicable Client. In addition, in the event the general partner causes a Client to distribute shares in-kind to both investors and general partners, a conflict of interest exists because the general partner may have more information with respect to the investment than the investors and the general partner will generally act in its capacity as owner with respect to its share of securities and is under no obligation to share any such information with investors. Furthermore, the general partner, or its affiliates, may receive distributions in kind from an investment disposition. In the event the general partner, or its affiliates, receive such a distribution, the general partner will generally act in its capacity as owner with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the general partner shall determine, which creates a conflict of interest between the general partner or affiliate, as an adviser to the Client, and the Client.

The Governing Documents of certain Clients permit each such Client's general partner or its affiliates, to lend money to the applicable Client. Such lending arrangements create conflicts of interest between the applicable general partner, or affiliate and the Client acting as borrower.

### *Conflicts of Interest Involving the Client Advisory Committee*

A conflict of interest may exist when some, but not all investors are permitted to designate a member to a Client Advisory Committee. The Client Advisory Committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Client, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. There is no assurance that the views of the Client Advisory Committee will be representative of the views of the investors as a whole. In addition, even if the Client Advisory Committee were to act in a manner that it believes to be the best interests of the investors as a whole or in the best interests of a majority in interest of the investors, there is no assurance that such action will be in the best interests of any particular investor under the circumstances.

Certain members of a Client's Advisory Committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Client or portfolio companies, including as a Co-Investor in an investment. The general partner or the Adviser of a Client may utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

### *Side Letter Agreements*

To the extent permitted under applicable law, the Adviser (or applicable general partner) enters into certain side letter arrangements with certain investors in a Client providing such investors with different or preferential rights or terms, including but not limited to information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, modification of representations, indemnification and/or liability and other obligations, reduced fees, veto rights and liquidity or transfer rights. Except as otherwise agreed with an investor or as set forth in the applicable Client's Governing Documents, and in each case 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 Client. Also, investors will have no recourse against a Client, the applicable Client'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 Clients 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 Client.

## **ITEM 12**

### **BROKERAGE PRACTICES**

#### **Execution Quality**

The Adviser has full discretionary authority to manage its Clients, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the counterparties used to execute such transactions, and commissions or markups and markdowns paid. The Adviser's authority is limited by its own internal policies and procedures, each Client's investment guidelines and the duty to seek best execution for its Clients.

The determinative factor is not always the lowest possible per security price or commission, but whether the transaction represents the best qualitative and quantitative execution for the Client. The Adviser considers the following factors in selecting brokers for portfolio transactions:

- (i) the comfort level with the counterparty, which includes, but is not limited to the counterparty's market familiarity/expertise, reliability/responsiveness, integrity/confidentiality, quality of executions, research capability, financial reasonability and condition and
- (ii) transaction specific factors, which includes, but is not limited to, best price, commission/costs of a trade, market access/ability, financing terms, trade settlement, ability to handle high volume transactions, and willingness to commit capital.

The Adviser is not required to weigh any of these factors equally.

The commission rates (or dealer markups and markdowns) charged to the Clients by counterparties in the foregoing circumstances may be higher than those charged by other counterparties who may not offer such services. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Adviser nor the Clients separately compensate any broker or dealer for any of the other services that they provide to the Adviser or the Clients, although it may choose to do so in any given circumstance for relationship or regulatory reasons, among other things.

In addition, in the ordinary course of business, the Adviser may and will utilize broker-dealers, or enter into joint ventures or other counterparty relationships with entities, that employ friends or family members of the Adviser, including individuals who have personal relationships with those who make investment or execution decisions on behalf of the Adviser's Clients and may benefit, directly or indirectly, from such brokerage business or other business relationships.

#### **Soft Dollar Arrangements**

The Adviser no longer enters into formal soft dollar arrangements with broker-dealers. However, in the ordinary course the Adviser could receive unsolicited research reports and brokerage services from full-service broker-dealers as a part of their full range of services. Such unsolicited materials could benefit Clients and therefore could be construed as soft dollar benefits.

Section 28(e) of the Securities and Exchange Act of 1934 (the “Exchange Act”) provides a “safe harbor” to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to investment managers in the performance of their investment decision-making responsibilities. Although the Adviser has the discretion to use soft dollars to obtain services and products that would not be within the safe harbor afforded by Section 28(e) of the Exchange Act and for which it would otherwise be required to pay in cash, it has no plans to do so, and to the extent the Adviser uses soft dollars on behalf of the Clients, it intends to seek to do so within the safe harbor. Consistent with Section 28(e) of the Exchange Act, research products or services obtained by brokers for execution of transactions in connection with one or more Clients could be used by the Adviser to service one or more other Clients, including Clients that could not have paid for the benefits.

Nonetheless, receipt of research or other products or services create an incentive for the Adviser to select or direct more business to particular broker-dealers. However, the Adviser will execute trades in accordance with the best execution principles outlined above.

### **Brokerage for Client Referrals**

Neither the Adviser nor any related person receives Client referrals from any broker-dealer or third party.

The Adviser or the Clients it advises are introduced to potential investors by its prime brokers and receive other benefits from its prime brokers. In addition, the Adviser may occasionally receive similar benefits from other broker-dealers or counterparties it transacts with. Currently, neither the Adviser nor its Clients compensate such third-party brokers (other than as described in Item 14 below) for introducing the Adviser or its Clients to any potential investors. Such introductions and other products or services that the Adviser receives can present a potential conflict of interest to the extent that the Adviser uses such brokers in connection with brokerage or other activities on behalf of its Clients. However, the Adviser considers a number of factors in attempting to satisfy its fiduciary obligation to seek best execution for its Clients’ securities transactions.

### **Order Aggregation**

If the Adviser determines that the purchase or sale of the same security is in the best interest of more than one Client, the Adviser could, but is not obligated to, aggregate orders in order to reduce transaction costs. When an aggregated order is filled through multiple trades at different prices from the same time period within a trade day, each participating Client will receive the average price with transaction costs allocated *pro rata* based on the size of each Client’s participation in the order (or allocation in the event of a partial fill) as determined by the Adviser. In the event of a partial fill, allocations generally will be made *pro rata* based on the initial order, but could be modified on a basis that the Adviser deems to be appropriate, including, for example, in order to avoid “odd-lot” positions or *de minimis* allocations. This could result in allocations of certain investments on other than a *pro rata* basis. See Item 11 for additional information on investment allocations.

### **Trade Errors**

The Adviser will not be responsible for any losses from any trade errors made by it, in respect of Client investments, except to the extent it is liable pursuant to the applicable Governing

Documents of such Clients (i.e., attributable to bad faith, gross negligence, willful misconduct or fraud on the part of the Adviser). Trade errors might include, for example, keystroke errors that occur when entering trades into an electronic system or typographical or drafting errors that result in purchases or sales of the wrong instrument, the wrong quantity of an instrument, or in violation of a regulatory or contractual obligation. Investors should assume that trade errors (or similar errors or deviations from accuracy or correctness in the trade process) will occur and that the Adviser will not be responsible for any resulting losses, unless it breached its standard of care as set out in applicable laws or regulations as well as the applicable Governing Documents of the respective Client. To the extent there are any gains from any trade errors, such gains will be retained by the applicable Client(s).



### **ITEM 13**

#### **REVIEW OF ACCOUNTS**

Client accounts are reviewed by the relevant portfolio manager(s) who are responsible for the strategies applicable to each Client, and other appropriate investment operations, legal and compliance, and finance personnel on a regular basis. Matters reviewed include the specific investments held by each Client, the percentage of assets in various types of asset classes, the financial and regulatory limits relating to investments, the relative and absolute performance of each Client account and liquidity, and leverage amount of each Client account.

A review of a Client account may also be triggered by any unusual activity or special circumstances.

Investors in Clients typically receive monthly or quarterly account statements (from the Client's administrator) and a copy of the audited financial statements of the relevant Client within 120 days after the fiscal year end of a Client, where applicable. In addition, monthly or quarterly reports setting forth performance and portfolio data, including an analysis of portfolio exposure, may be provided to investors. The Adviser may provide additional information relating to the Clients to one or more investors in connection with a request from a particular investor or as it otherwise deems appropriate.

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

**Economic Benefits for Providing Services to Clients**

Other than what is described in Item 11 above, the Adviser does not receive economic benefits from non-Clients for providing investment advice or advisory services to its Clients.

In addition, the Adviser and its related persons may, in certain instances, receive discounts or products and services provided by portfolio companies of Clients, clients of the Adviser's affiliates and/or the customers or suppliers of such portfolio companies.

**Compensation to Non-Supervised Persons for Client Referrals**

While not a Client referral arrangement, the Adviser enters into arrangements with unaffiliated third parties, such as placement agents, for introducing investors to it in respect of a particular Client. These arrangements, including the fact that such third parties are compensated, will be disclosed to the affected investors. In such instances, any fees associated with such arrangements will be paid by the Adviser, and not the Client.

## **ITEM 15**

### **CUSTODY**

The Adviser is deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “Custody Rule”) of the underlying assets or securities held in the name of certain of its Clients, subject to certain exceptions set forth in the Custody Rule and related guidance. In addition to holding Client assets with an unaffiliated, qualified, third-party custodian, these Clients’ assets are generally subject to a year-end audit by a major accounting firm that is a member of, and subject to examination by, the Public Company Accounting Oversight Board (“PCAOB”), and the audited financial statements are then provided to the underlying investors of these Clients within 120 days (or 180 days for funds of funds) of the end of the fiscal year. For separately managed accounts (“SMAs”) managed by the Adviser, a qualified custodian sends account statements at least quarterly directly to the SMA Client, and the SMA Client should closely review those account statements. In addition, the Adviser’s authority over the SMA Client funds or securities is designed to be limited to authorized trading and fee deduction in accordance with the Custody Rule. For Clients that are pooled investment vehicles (and subject to such financial audits and reporting delivery qualifications), the Adviser relies on annual audits in accordance with the Custody Rule requirements for the “pooled vehicle annual audit exception.”

## **ITEM 16**

### **INVESTMENT DISCRETION**

The Adviser maintains discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Client. As a general policy, the Adviser does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, the Adviser and/or its affiliates have entered, and expect to enter, into side letters or similar arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Client are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. With the exception of Clients that have established an SMA, investment advice is provided directly to the Clients, subject to the direction and control of the general partner of each Client, and not individually to the investors in the Clients. This discretionary authority is subject to the terms, investment objectives, policies and restrictions set forth in the Governing Document of each such Client. Investment advice is provided directly to SMA Clients, subject to an investment management agreement that establishes the Adviser's discretionary authority.

## **ITEM 17**

### **VOTING CLIENT SECURITIES**

In instances where a Client owns equity securities in which it has the right to vote via shareholder proxy, the Adviser retains proxy voting authority with respect to the voting security. The Adviser has adopted and implemented proxy voting policies and procedures (“Proxy Voting Policy”) that are designed to reasonably ensure that the Adviser votes proxies, or elects not to vote proxies, in the best interests of its Clients for whom the Adviser has voting authority.

All voting decisions initially are referred to the applicable portfolio managers or their designees. In most cases, the portfolio managers or their designees will make the decision as to the appropriate vote for any particular issue. In making such decision, he or she may rely on any of the information and/or research available to him or her.

Voting decisions concerning equity securities are reviewed by the Adviser’s Legal Department, which will include consideration of whether the Adviser, any investment professional or other person recommending how to vote, any affiliate of the Adviser or client has an interest in the vote that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to voting in accordance with the principles set forth above, the first priority being to act in the best interest of the relevant Clients. The Adviser’s Legal Department will use their 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 Clients.

The Adviser has also retained an independent third-party proxy voting service to provide voting analysis and recommendations, assemble proxies for which Clients have voting rights, provide vote execution according to the Adviser’s guidelines and quarterly reports indicating how individual votes are ultimately cast.

A copy of the Proxy Voting Policy or information about how the Adviser voted client proxies are available upon request.

**ITEM 18**  
**FINANCIAL INFORMATION**

Item 18 is not applicable. The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

**ITEM 19**  
**REQUIREMENTS FOR STATE REGISTERED ADVISERS**

Item 19 is not applicable.