

**ITEM 1 - COVER PAGE**



**BROCHURE**

**Form ADV Part 2A**

**SEARCHLIGHT CAPITAL PARTNERS, L.P.**

March 29, 2024

This brochure provides information about the qualifications and business practices of Searchlight Capital Partners, L.P. If you have any questions about the contents of this brochure, please contact us at +1 212 293 3730 or [ir@searchlightcap.com](mailto:ir@searchlightcap.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 Searchlight Capital Partners, L.P. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Searchlight's status as an investment adviser registered with the SEC under the Advisers Act (as defined below) does not imply a certain level of skill or training.

## **ITEM 2 - MATERIAL CHANGES**

This brochure updates the previous Searchlight Capital Partners, L.P. ("Searchlight") brochure dated March 29, 2024. Searchlight routinely makes changes throughout its brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices. This brochure includes details regarding the final close of Searchlight's affiliated investment fund Searchlight Capital CF SPK, L.P., and provides routine annual updates, certain enhanced disclosures, and updates to Searchlight's regulatory assets under management.

Recipients are encouraged to read the brochure carefully and in its entirety.

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## **ITEM 4 - ADVISORY BUSINESS**

### ***A. Description of Advisory Firm***

Searchlight Capital Partners, L.P., a Delaware limited partnership ("Searchlight" or the "Firm") is a private equity firm established in June 2010. Searchlight was founded by Oliver Haarmann, Erol Uzumeri and Eric Zinterhofer (collectively, the "Principals"), who are the principal owners of the Firm directly and indirectly through Searchlight Capital Partners, LLC, a Delaware limited liability company and the general partner of Searchlight. In addition, the Firm's affiliates, Searchlight Capital Partners UK, LLP and Searchlight Capital Partners Canada Limited act as relying advisers and together with the General Partners (as defined below) operate with Searchlight as a single advisory business. The Firm is a private investment firm operating in North America and Europe with offices in New York, London and Toronto as well as a recently opened office in Miami. Searchlight has the ability to invest across the capital structure in both equity and debt. The Firm seeks to invest in attractive companies across a wide range of industries and is comfortable investing in complex situations. Searchlight's objective is to work in partnership with company management by providing patient, long-term capital as well as the strategic and operational support to enhance value creation for all stakeholders. Searchlight currently provides investment advisory services to Searchlight Capital, L.P., Searchlight Capital PV, L.P., and their respective parallel funds and alternative investment vehicles formed from time to time (collectively, "Fund I"), Searchlight Capital II, L.P., Searchlight Capital II PV, L.P., Searchlight Capital II Advisors, L.P. and their respective parallel funds and alternative investment vehicles formed from time to time (collectively, "Fund II"), Searchlight Capital III, L.P., Searchlight Capital III PV, L.P., Searchlight Capital III Advisors, L.P. and their respective parallel funds and alternative investment vehicles formed from time to time (collectively, "Fund III"), Searchlight Capital IV, L.P., Searchlight Capital IV PV-A, L.P., Searchlight Capital IV PV-B, L.P. and their respective parallel funds and alternative investment vehicles formed from time to time (collectively, "Fund IV" and together with Fund I Fund II, and Fund III the "PE Funds"), Searchlight Opportunities Fund, L.P. and its alternative investment vehicles formed from time to time (collectively, "Opportunities Fund I"), Searchlight Opportunities Fund II, L.P. and its parallel funds and alternative investment vehicles formed from time to time (collectively, "Opportunities Fund II" and together with Opportunities Fund I, the "Opportunities Funds"), Searchlight Fiber Alliance, LLC and its parallel funds and alternative investment vehicles formed from time to time (collectively, the "Digital Infra Fund"), Searchlight Capital CF SPK, L.P. and its parallel funds and alternatives vehicles formed from time to time (collectively, the "Continuation Fund" and, together with the PE Funds, the Opportunities Funds, and the Digital Infra Fund, the "Funds"). In addition, Searchlight manages co-investment vehicles which invest alongside the Funds. As used herein, "Searchlight Funds" refers to the Funds and any co-investment vehicles formed from time to time, together with subsequently sponsored funds and their related vehicles and co-investment vehicles formed from time to time, and any similar pooled investment vehicles formed or managed by Searchlight or its affiliates. The general partner of Fund I is Searchlight Capital Partners GP, L.P., (the "Fund I General Partner"), the general partner of Fund II is Searchlight Capital Partners II GP, L.P. (the "Fund II General Partner"), the general partner of Fund III is Searchlight Capital Partners III GP, L.P. (the "Fund III General Partner"), the general partner of Fund IV is Searchlight Capital Partners IV GP, L.P. (the "Fund IV General Partner") the general partner of the Opportunities Fund I is Searchlight Opportunities Fund GP, L.P. (the "Opps Fund I General Partner"), the general partner of Opportunities Fund II is Searchlight Opportunities Fund II GP, L.P. (the "Opps Fund II General Partner") the general partner of the Digital Infra Fund is Searchlight Fiber Alliance 2022 GP, L.P. (the "Infrastructure Fund GP"), and the general partner of the Continuation Fund is Searchlight Capital Partners CF SPK GP, L.P. and together with the general partners of any other Searchlight Fund, the "General Partners"). The General Partners and Searchlight are affiliates. The General Partners have the power and authority to delegate the management of the

Searchlight Funds to Searchlight. The General Partners and the Searchlight Funds have entered into management agreements with Searchlight to document the delegation of the management of each Searchlight Fund to Searchlight.

***B. Types of Advisory Services Offered***

Searchlight provides advice to the Searchlight Funds in respect of their investment portfolios, as well as certain ancillary managerial and administrative services, including, without limitation, identifying and screening potential investments, recommending strategies for the management and disposition of investments, monitoring the performance of investments, and preparing reports necessary or appropriate for compliance with the governing agreements of the Searchlight Funds. Investments in Searchlight Funds are privately offered only to qualified investors, typically institutional investors (for example, public and private pension funds) and eligible high-net-worth individuals.

***C. Services Tailored to Individual Needs of Clients***

Searchlight's advisory services are geared to the management of the Searchlight Funds, the investment objectives, parameters and restrictions of which are disclosed to investors in the applicable governing agreements before they invest. Investment restrictions applicable to specific Searchlight Funds are customarily imposed in the governing agreements for such Searchlight Funds, as agreed upon with investors.

Searchlight or certain affiliates have entered and could in the future enter into side letters or other writings with specific investors in Searchlight Funds which have the effect of establishing rights under, or altering or supplementing, the terms of the governing agreements of the Searchlight Funds or an investor's subscription agreement, in respect of the investor to whom such letter or writing is addressed. Other side letter rights are likely to confer benefits on the relevant investor at the expense of the relevant Searchlight Fund or of investors as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Searchlight Fund. As a result of such rights, certain limited partners in the same Searchlight Fund could experience different returns or have access to information to which other limited partners do not have access. Generally, any rights established, or any terms altered or supplemented, will govern only that investor and not a Searchlight Fund as a whole. However, certain additional rights have the effect of increasing the expenses borne by the Searchlight Fund or its limited partners not party to the particular side letter, including for example with respect to costs incurred in providing a limited partner additional information or reporting. Certain such additional rights but not all rights, terms or conditions are permitted to be elected by certain sizeable investors with "most favored nations" rights pursuant to a Searchlight Fund's limited partnership agreement (any Searchlight Fund limited partnership agreement or limited liability company agreement, as applicable, hereinafter referred to as a "Partnership Agreement"). Such side letters have and could in the future impose restrictions on participation in certain investments or types of investments made by the Searchlight Funds, and could also provide benefits to certain investors in a Searchlight Fund not provided to investors in such Searchlight Fund generally. In addition, such side letters could include, without limitation, rights or altered or supplemented provisions in respect of the priority profit share or management fees, carried interest, distributions, co-investments, excuse or exclusion from investments, transfers of interests in the Searchlight Fund, tax and structuring matters, reporting and information rights, confidentiality, notice requirements, compliance with specified laws or regulations and other representations, warranties or diligence confirmations. Neither Searchlight nor its affiliates will enter into a particular side letter if Searchlight determines that the provisions

contained in such side letter would be disruptive to the applicable Searchlight Fund or its investment program. Disclosure of applicable side letter provisions is made to investors prior to their investment in the applicable Searchlight Fund.

***D. Wrap Fee Programs***

Searchlight does not participate in wrap fee programs.

***E. Client Assets***

As of December 31, 2023, Searchlight had approximately \$15,214,484,066 in regulatory assets under management on a discretionary basis. As of December 31, 2023, Searchlight did not manage any assets on a non-discretionary basis.

The information provided herein about the investment advisory services provided by Searchlight is qualified in its entirety by reference to the Searchlight Funds' offering materials and Partnership Agreements and subscription agreements.

**ITEM 5 - FEES AND COMPENSATION**

***A. Fees***

The applicable fees for each Searchlight Fund are disclosed to investors in the private offering materials for the relevant private offering and the governing agreements of each Searchlight Fund. The Firm or its designee is generally entitled to receive a management fee or priority profit share (collectively, "Management Fees") payable semi-annually by the applicable Searchlight Fund with respect to each of the Searchlight Fund's limited partners (other than any affiliated limited partner). The General Partners generally receive or will receive a "carried interest" or performance fee, in each case, from the respective Searchlight Fund. Performance fees are typically measured as a percentage of the profits of a Searchlight Fund. Performance fees and Management fees are generally negotiated at the time the Searchlight Fund is formed or such investor is accepted into the Searchlight Fund.

In certain circumstances, Searchlight, its affiliates or their partners could in the future transfer their interests in a Searchlight Fund to third parties. Following any such transfer, Searchlight is entitled to receive carried interest and a Management Fee on such interest, subject to applicable law and the terms of the applicable Searchlight Fund's organizational and/or offering documents.

Typically, a portion of the Management Fees payable by each investor in a Searchlight Fund will be reduced (but not below zero) by its pro rata share of other fees received by Searchlight or its affiliates in connection with portfolio investments or prospective portfolio investments of a Searchlight Fund, subject to reimbursement first of the General Partners or their respective affiliates for any balance of unreimbursed fund expenses paid by the General Partner or such affiliates. Senior Advisors and Operating Partners (as defined below) are not affiliates of Searchlight. Vehicles that do not pay Management Fees do not receive the benefit of such offset provisions or otherwise share in such fee income. Except where the governing agreements expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

As permitted under the respective Partnership Agreement, Searchlight has and could in the future waive a portion of the Management Fee. Any such waived portion of the Management Fee reduces the amount

of capital Searchlight would otherwise be required to contribute to the respective Searchlight Fund. Upon a waiver, the investors in a Searchlight Fund are then required to make a pro rata contribution according to their respective commitments to fund any such waived Management Fee that Searchlight elects to treat as a contribution and, as a result, the exercise of such waiver in certain cases can result in an acceleration of investor capital contributions.

#### ***B. How Fees are Charged***

Management Fees are payable or will be payable by each investor in a Searchlight Fund on a semi-annual basis. Management fees are generally collected no earlier than the second business day after the beginning of each semi-annual period. Management fees are paid by capital contributions from investors to each Searchlight Fund pursuant to draw down notices delivered by each Searchlight Fund's General Partner out of the total amount of capital an investor agrees to contribute to the applicable Searchlight Fund (*i.e.*, an investor's "capital commitment") or are paid out of proceeds otherwise distributable to the investors in the Searchlight Funds, including cash held by the Searchlight Fund after the disposition of a portfolio investment of a Searchlight Fund and before the proceeds are distributed to investors (*i.e.*, deducted from the assets of a Searchlight Fund). Management fees are also permitted to be paid out of borrowings or cash reserves of the applicable Searchlight Fund.

Installments of the Management Fee payable for any period other than a full semi-annual period generally are adjusted on a pro rata basis according to the actual number of days in such period. Investors in the Searchlight Funds also bear certain fund expenses as further described below.

"Carried interest" or performance fees are assessed periodically, as discussed in more detail under Item 6 below.

Searchlight has exempted and could in the future exempt certain past or present Searchlight principals, employees, Senior Advisors or Operating Partners, service providers, and executive management members of portfolio companies from payment of all or a portion of Management Fees and/or carried interest in respect of their direct or indirect investment in one or more the Searchlight Funds. For example, certain past and present Searchlight principals, employees, Senior Advisors or Operating Partners, service providers, and executive management members of portfolio companies are not subject to Management Fees or carried interest on their direct or indirect investment in one or more of the Searchlight Funds. Additionally, Searchlight has formed, and in the future could form, co-investment vehicles that are not subject to Management Fees or carried interest. Searchlight also has reduced and could in the future reduce Management Fees and/or carried interest through side letter arrangements in certain instances, for example where certain investors have made an early commitment, a large commitment, multiple commitments or any other material concession to one or more of the Searchlight Funds.

#### ***C. Other Fees and Expenses***

Searchlight Funds are subject to customary fees, costs and expenses relating to or arising from the operation of the applicable Searchlight Fund, including without limitation (i) all fees, costs and expenses related to the sourcing, researching, diligencing, investigating, identifying, analyzing, pursuing, negotiating, consummating, acquiring, purchasing, holding, monitoring, managing, seeking disposition (and sale) opportunities and selling (or otherwise disposing of) investments and prospective investments, whether or not consummated, as applicable (including reasonable travel and related expenses, and reasonable meal, communication and certain reasonable and business-related entertainment expenses



incurred in connection therewith and the costs of any research services), (ii) all fees, costs and expenses for transactions not consummated, including, without limitation, all due diligence fees, costs and expenses, legal and accounting fees, costs and expenses, other amounts payable to third parties, and all fees and expenses of lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated by the Searchlight Fund, any deposits or down payments that are forfeited in connection with unconsummated transactions of the Searchlight Fund (including reasonable travel and related expenses, and reasonable meal, communication and certain reasonable and business-related entertainment expenses incurred in connection therewith), and reverse break-up fees or termination fees, expense reimbursement amounts or other amounts payable to the sellers, targets, advisors, service providers or other counterparties or third-parties, related to such transaction, (iii) all fees, costs and expenses of outside legal counsel, consultants, advisers, accountants, administrators, custodians, appraisers, record-keepers, brokers, professional service providers and other outside professionals, including, without limitation, all audit fees, appraisal fees, brokerage commissions, banking and investment banking fees and all fees and costs associated with the preparation and filing (as applicable) of the financial statements, tax returns and Schedule K-1s or similar tax schedules of the Searchlight Fund and any expenses incurred or paid by the tax matters partner, (iv) the costs of any litigation, D&O or E&O liability or other insurance, any indemnification, extraordinary expense, liability, audit and investigation costs and expenses relating to the affairs of the Searchlight Funds (including all amounts paid in connection with settlements, penalties, fines and judgments, but excluding any indemnification claims that are finally determined to not be indemnifiable by the Searchlight Funds) and the fees, costs and expenses of complying with applicable law, rules and regulations, (v) costs and expenses of any meetings of the Searchlight Funds' advisory boards (each an "Advisory Board") or Searchlight Fund Partners ("Partners"), any votes or consents of Partners or the Advisory Board, any amendments to or waivers of the Searchlight Fund's Partnership Agreement or any related agreement (including the fees, costs and expenses of legal counsel to the Advisory Board as described in the applicable governing agreement of the Searchlight Fund), (vi) reasonable and business-related out-of-pocket expenses of any of the Senior Advisors or Operating Partners (as defined below) incurred in performing any services for the Searchlight Funds (other than any entertainment expenses), including any expenses incurred in connection with performing services for one or more of its potential or existing investments, (vii) principal, interest, fees and any other obligations or expenses arising out of any indebtedness, including, without limitation, any fees and expenses incurred as a result of the implementation and utilization of any credit facility and/or any credit support, (viii) all taxes, duties, fees and other governmental charges levied against the Searchlight Fund and all related filing fees, (ix) all fees, costs and expenses of the wind down, dissolution and termination of the Searchlight Fund and its General Partner and the liquidation of the assets of the Searchlight Fund in connection therewith, (x) out-of-pocket costs of reporting to investors, (xi) costs and expenses associated with any organization, maintenance and operation of any alternative investment vehicle, blocker corporation, intermediate entity or any other entity or vehicle through or in which portfolio investments are made, (xii) fees, costs and expenses incurred in connection with cybersecurity (including, but not limited to, expenses relating to insurance, monitoring and/or breaches, and (xiii) expenses relating to the implementation of and compliance with any ESG (as defined below) policy or related protocols. In addition, Searchlight Funds will bear all costs, fees and expenses incurred in the formation and organization of the Searchlight Fund and its general partner entities, and the marketing and offering of interests in the Searchlight Fund, including, but not limited to, legal and accounting costs, fees and expenses, travel and related costs and expenses, meal, communication and certain entertainment expenses and filing costs and fees. In accordance with Searchlight's policies, the travel expenses noted above could include business and first-class travel, and in certain very limited circumstances the use of private air charters.

In certain instances, a Searchlight Fund has in the past and could in the future bear expenses in respect of an existing or prospective portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment vehicles), where Searchlight has determined such arrangement to be in the best interest of such Searchlight Fund (e.g., a Searchlight Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursement by other owners of the portfolio company). None of these expenses will offset any Management Fees.

Searchlight allocates expenses in a manner it believes is fair and reasonable and consistent with applicable Searchlight Fund governing agreements. Typically, investment-related expenses are allocated among participating Searchlight Funds (including among co-investors or co-investment vehicles) on a pro rata basis. However, fees, costs and expenses incurred in connection with transactions not consummated by the Searchlight Fund are generally borne by such Searchlight Fund, and not co-investment vehicles or co-investors unless otherwise agreed by such co-investors. Similarly, subscription credit facility fees and expenses are generally allocated entirely to the applicable Searchlight Fund that is the borrower under such facility. In addition, such subscription credit facility fees and expenses can accelerate the date upon which Searchlight Fund's preferred return will be achieved for purposes of determining when its General Partner (or affiliates which earn carried interest) is entitled to begin receiving carried interest payments on distributions from a Searchlight Fund. Searchlight intends to refer to such internal rate of returns or other investment outcomes in its offering materials when communicating with investors.

Each Searchlight Fund will also pay any placement agent fees incurred in connection with the marketing and offering of limited partnership interests in the Searchlight Fund, however, the Management Fees payable by the investors in a Searchlight Fund will be reduced dollar-for-dollar by their share of the amount of placement agent fees paid by the Searchlight Fund, such that the investors in the Searchlight Fund will not ultimately bear the placement agent fees.

Searchlight or one or more of its affiliates is permitted to engage or retain one or more third party consultants or investment professionals to assist Searchlight in sourcing transactions and/or providing consulting or related services to the Searchlight Funds' portfolio companies (collectively, "Senior Advisors" or "Operating Partners"). The Senior Advisors or Operating Partners include professionals who are former executives with operating experience, industry specific knowledge and/or geographic expertise. The Searchlight Funds and/or one or more of their respective existing or prospective portfolio companies (a) are permitted to pay one or more Senior Advisors or Operating Partners consultancy, advisory, directors', monitoring, transaction, sourcing or other similar fees for services provided in respect of the applicable Searchlight Fund or one or more potential and existing investments, and (b) will reimburse each Senior Advisor or Operating Partner for such person's out-of-pocket expenses incurred in performing any services for the applicable Searchlight Fund, including any expenses incurred in connection with performing services for one or more of its potential or existing investments. The Senior Advisors and Operating Partners are independent contractors that generally receive a monthly retainer which is borne by Searchlight, but they are not employees of Searchlight. If a portfolio company of a Searchlight Fund directly engages a Senior Advisor or Operating Partner, such portfolio company will bear the expenses in connection with such person's services (including compensation which could be in the form of equity grants), and therefore the applicable Searchlight Fund indirectly bears the expense of any such Senior Advisors or Operating Partners. Any amounts paid to third party consultants, Senior Advisors or Operating Partners by a Searchlight Fund or a portfolio company will not offset or reduce any amount of the Management Fee payable by the applicable Searchlight Fund to Searchlight.

From time to time, the Searchlight Funds could form and fund “platform” companies, where a Searchlight Fund forms a portfolio company and recruits a management team to build the portfolio company through acquisitions and organic growth. Typically, after recruiting and partnering with a management team to lead a new portfolio company, the Searchlight Funds will commit start-up capital to fund the operations of the portfolio company which includes the overhead of the management team and any diligence and related expenses incurred in pursuing acquisition opportunities.

Searchlight or its affiliates from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to the Searchlight Funds and Searchlight. For example, certain law firms retained by Searchlight discount their legal fees for advice in connection with operational, compliance and related matters with respect to Searchlight. To the extent such law firms provide services to the Searchlight Funds, such Searchlight Funds also enjoy the benefit of fee discount arrangements. In some cases, discounts will be based on volume and so certain Searchlight Funds or portfolio companies have the potential to receive a greater discount than others depending on the timing of their transactions (e.g., if a transaction occurs early in a year it is possible it will not receive the same discount as a transaction that occurs later in the year).

In certain circumstances, one Searchlight Fund will provide a guarantee on behalf of a portfolio company or will pay an expense common to multiple legal entities within one or more Searchlight Fund families and be reimbursed by the other applicable Searchlight Funds, without interest. One or more Searchlight Funds have entered, and could in the future enter into indebtedness on a joint and several basis. In such instances, Searchlight is expected to enter into one or more agreements that provide each applicable Searchlight Fund and any applicable co-invest entity with a right of contribution or reimbursement. While highly unlikely, it is possible that one of the other Searchlight Funds or applicable co-invest entities could default on its obligation to reimburse the paying Searchlight Fund.

Searchlight and its personnel can also be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Searchlight Funds, which will not be subject to Management Fee offsets or otherwise shared with the Searchlight Funds, their investors and/or portfolio companies. For example, airline travel or hotel stays incurred as fund expenses could result in “miles” or “points” or credit in loyalty or status programs, and such benefits will accrue exclusively to Searchlight or its personnel (and not to the Searchlight Funds, their investors and/or portfolio companies) even though the cost of the underlying service is borne directly by the Searchlight Funds or their portfolio companies and indirectly by the investors in a Searchlight Fund.

Given the nature of the Searchlight Funds’ investment programs, Searchlight transacts business through broker-dealers and as a result, the Searchlight Funds incur brokerage and related transaction costs. A discussion of Searchlight’s brokerage practices can be found at [Item 12](#) of this brochure.

The expenses described above are detailed, but do not include every possible expense a Searchlight Fund could incur. Investors should review the applicable Searchlight Fund’s offering materials and Partnership Agreement for further details.

From time to time, Searchlight also makes personnel available and provides operations-related or other consulting services to certain other Searchlight entities, and from time to time an employee of Searchlight could depart to join a portfolio company or another Searchlight entity as an employee or vice versa. To the extent such employees do not serve as full-time investment professionals, and continue to provide operating partner services, their compensation and related costs and expenses (including internally

allocated overhead such as rent, office renovation costs, furnishings, technology, insurance, property taxes, and utilities allocable to the workspaces), will be allocated between the two roles and accounted for accordingly. Finally, from time to time former employees of Searchlight have or could become third-party consultants providing services to Searchlight Fund or one or more portfolio companies. For the avoidance of doubt, any of these activities will provide some form of ancillary benefit to Searchlight - whether intended to or not.

***D. Refunds for Fees Charged in Advance***

Investors in Searchlight Funds agree to commit a certain amount of capital to a Searchlight Fund in advance of any investment advisory functions performed by Searchlight. Management fees assessed by the Searchlight Funds are paid from these amounts and are payable in advance for each period as described above in Item 5.B. Searchlight's services can be terminated only under very limited circumstances, and investors are generally expected to participate in the applicable Searchlight Fund for its duration, although investors in the Opportunities Funds have certain withdrawal rights after the initial commitment period expires. Subject to the applicable governing agreements of the Searchlight Funds, should Searchlight's services be terminated before services are provided for the applicable period, fees that have been paid in advance will generally be pro-rated from the date of Searchlight's termination to the end of the period to which the advance fee covered and will be returned to the investors that paid those fees in advance.

***E. Compensation for Sales of Securities***

Neither Searchlight nor its supervised persons accepts compensation for the sale of securities or other investment products.

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

Searchlight Funds are generally assessed a "carried interest" or performance fees that are paid to the applicable General Partner. "Carried interest" is negotiated separately for each Searchlight Fund in compliance with the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The existence of the General Partners' "carried interest" or performance fee could create an incentive for the General Partners and Searchlight to make riskier or more speculative investments on behalf of the Searchlight Funds than would be the case in the absence of these arrangements. In addition, the method of calculating the carried interest poses potential conflicts of interest between the applicable General Partner and a Searchlight Fund with respect to the management and disposition of investments, as well as the determination of the timing, method, and amount of distributions by a Searchlight Fund, and the use of fund-level credit facilities. These potential conflicts of interest are addressed in the manner described in Item 11.

As provided under the applicable Partnership Agreements of the Searchlight Funds, carried interest is generally subject to waiver, deferral, recontribution or reduction by the General Partner, in its sole discretion, with respect of some or all of the investors in the Searchlight Fund (including in connection with investments in the applicable Searchlight Fund made by the General Partner or its affiliates) with the result being that investors in such Searchlight Fund could pay different performance-based compensation. In allocating investments, Searchlight could have incentives to favor Searchlight Funds with higher potential for carried interest distributions over Searchlight Funds with lower potential for carried interest. As described in more detail below, Searchlight has adopted allocation policies designed to allocate

investment opportunities across Searchlight Funds on a fair and equitable basis and in accordance with the applicable Partnership Agreements and Searchlight's investment allocation policies and procedures.

**A. *PE Funds and Continuation Fund***

Generally, "carried interest" represents a share of distributions made after return of invested capital, allocable fees and expenses and a preferred annualized "hurdle" rate of return. Carried interest is typically measured as a percentage of the profits of the applicable PE Fund and is negotiated separately for each PE Fund at a rate we believe is consistent with industry standards and in compliance with the Advisers Act. Carried interest distributions are generally subject to general partner catch-up. Except as noted below, carried interest distributions also include a "clawback" obligation generally requiring Searchlight to return excess distributions to investors at various stages during the term and at the end of the applicable PE Fund in the event that Searchlight receives more than its carried interest percentage of profits on an aggregate basis over the life of the applicable PE Fund. Such "clawback" obligation is calculated on an after-tax basis. The PE Funds employ an "American-style" deal-by-deal waterfall carried interest structure where it returns the sum of called capital in respect of realized investments, permanent write-downs or write-offs of unrealized investments, and called capital used to pay allocable fees and expenses, plus a preferred annualized "hurdle" return to investors, before Searchlight receives a carried interest distribution. From time to time, because Searchlight's affiliates are subject to income tax liabilities relating to carried interest when such carried interest is accrued as opposed to paid, in accordance with the applicable PE Fund's governing agreement such affiliates will cause the applicable PE Fund to make distributions to them in amounts sufficient to permit the payment of their tax obligations. These advances will reduce any amounts of carried interest that Searchlight and its affiliates later receive until these advances are restored to the applicable PE Fund. In the event that such tax distributions exceed the actual amount of carried interest to which Searchlight or such affiliates are entitled, Searchlight and such affiliates are not obligated to return any such excess distributions.

**B. *Opportunities Fund I***

The "carried interest" is assessed and calculated on an annual basis based on the net increase in value of investors' capital accounts, taking into account both realized and unrealized gains on investments, at the end of each fiscal year; provided that allocations to the General Partner are subject to certain unrecovered losses in investors' capital accounts being restored and certain performance thresholds, similar to a preferred return, being met.

**C. *Opportunities Fund II***

Generally, "carried interest" represents a share of distributions made after return of invested capital, allocable fees and expenses and a preferred rate of return. Carried interest allocations do not exceed 20% of profits and are generally subject to general partner catch-ups. Except as noted below, carried interest distributions also include a "clawback" obligation generally requiring Searchlight to return excess distributions to investors at the end of the Opportunities Fund II in the event that Searchlight receives more than its carried interest percentage of profits on an aggregate basis over the life of Opportunities Fund II. Such "clawback" obligation is calculated on an after-tax basis. Opportunities Fund II employs a "European-style" carried interest structure where it returns all called capital (including capital called for fees and expenses) plus a preferred return to investors before Searchlight receives a carried interest distribution. From time to time, because Searchlight's affiliates are subject to income tax liabilities relating to carried interest when such carried interest is accrued as opposed to paid, in accordance with the

Opportunities Fund II's Partnership Agreement such affiliates will cause our Opportunities Fund II to make distributions to them in amounts sufficient to permit the payment of their tax obligations. These advances will reduce any amounts of carried interest that Searchlight and its affiliates later receive until these advances are restored to Opportunities Fund II. In the event that such tax distributions exceed the actual amount of carried interest to which Searchlight or such affiliates are entitled, Searchlight and such affiliates are not obligated to return any such excess distributions.

#### ***D. Digital Infrastructure Fund***

Generally, "carried interest" represents a share of distributions made after return of capital contributions and a preferred rate of return. Carried interest allocations do not exceed 15% of profits and are generally subject to general partner catch-ups. Except as noted below, carried interest distributions also include a "clawback" obligation generally requiring Searchlight to return excess distributions to investors at the end of the Digital Infra Fund in the event that Searchlight receives more than its carried interest percentage of profits on an aggregate basis over the life of the Digital Infra Fund. Such "clawback" obligation is calculated on an after-tax basis. The Digital Infra Fund employs a "European-style" carried interest structure where it returns all called capital (including capital called for fees and expenses) plus a preferred return to investors before Searchlight receives a carried interest distribution. From time to time, because Searchlight's affiliates are subject to income tax liabilities relating to carried interest when such carried interest is accrued as opposed to paid, in accordance with the Digital Infra Fund's Partnership Agreement such affiliates will cause the Digital Infra Fund to make distributions to them in amounts sufficient to permit the payment of their tax obligations. These advances will reduce any amounts of carried interest that Searchlight and its affiliates later receive until these advances are restored to the Digital Infra Fund. In the event that such tax distributions exceed the actual amount of carried interest to which Searchlight or such affiliates are entitled, Searchlight and such affiliates are not obligated to return any such excess distributions.

#### **ITEM 7 - TYPES OF CLIENTS**

Searchlight provides investment advisory services to the Searchlight Funds, which are its only clients. Investment advice is provided directly to such Searchlight Funds and not individually to the limited partners of such Funds. The Searchlight Funds include investment partnerships or other pooled investment vehicles formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the "1940 Act"). Interests in the Searchlight Funds are offered privately to a limited number of sophisticated investors, and investors generally include institutional investors (for example, public and private pension funds, governmental plans, insurance companies, banks, and fund of private equity funds, etc.) and individuals who qualify to invest in the Searchlight Funds because they have a sufficiently high income or net worth (for example, individuals with at least \$5 million in investment assets). Searchlight typically imposes a minimum investment in connection with investing in a Searchlight Fund, often in the range of \$5 million to \$10 million, although such minimums are permitted to be waived in the discretion of Searchlight. In some cases, principals of other private equity firms and service provider professionals (e.g., outside counsel) invest in Searchlight Funds.

Interests in the Searchlight Funds are offered and sold generally to investors that are (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended and (ii) "qualified purchasers" as defined in the 1940 Act or other "knowledgeable employees" of Searchlight.

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

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

The Firm seeks to invest in attractive companies across a wide range of industries and is comfortable investing in complex situations. Searchlight's objective is to work in partnership with company management by providing patient, long-term capital as well as the strategic and operational support to enhance value creation for all stakeholders. The Searchlight team has a strong global network of relationships with companies large and small, which the team leverages across geographies to enhance deal flow, idea generation and cross border execution.

Investing in portfolio companies involves a high degree of business and financial risk that can result in substantial losses that investors in a Searchlight Fund should be prepared to bear, including up to the entire amount of their investment or commitment. For a discussion of material risks, see Items 8.B and 8.C immediately below. In addition, prospective investors in Searchlight Funds are provided with more detailed information about risks before they invest in any Searchlight Fund in the private offering materials and governing agreements for such Searchlight Fund.

The PE Funds pursue a strategy that targets control positions or positions of influence in leading North American and European middle market businesses at attractive values. The Opportunities Funds pursue a multi-strategy approach by investing in value oriented passive debt and equity securities in North America and Europe.

While the descriptions of the Searchlight Funds' investment strategies and methods of analysis are relevant to the co-investment funds, each co-investment fund generally invests in one portfolio company of one of the main Searchlight Funds and therefore lacks the potential benefit of diversification and will be particularly exposed to the legal and financial risks associated with that transaction, including the risk of loss. The summary provided herein should not be interpreted to limit in any way the Searchlight Funds' investment activities.

### ***B. Material Risks***

In order for the Firm to succeed on behalf of the Searchlight Funds, it must be able to identify potentially successful business enterprises, a process that is difficult even for those with extensive experience investing in such enterprises. Portfolio companies could operate at a loss or with substantial variations in operating results from period to period, and could require substantial additional capital to support expansion or to achieve or maintain a competitive position. Investments in a Searchlight Fund are highly speculative, involve a high degree of risk and could result in the loss of part or all of an investor's capital contributions. Prospective investors should not invest in a Searchlight Fund unless they can bear such a loss. There can be no assurance that a Searchlight Fund's investment objectives will be achieved, and investment results could vary materially from one reporting period to the next. In addition, there will be occasions when the Firm and its affiliates could encounter potential conflicts of interest in connection with the Searchlight Funds. Consequently, investments in Searchlight Funds are suitable only for sophisticated investors capable of making an informed independent decision as to the risks involved in an investment. In addition to the risks set forth above, there are several additional risk factors to consider prior to making an investment in a Searchlight Fund including, but not limited to, the risk factors set forth in this Item 8.B and the risk factors disclosed to investors before they invest in any Searchlight Fund in the private offering materials and governing agreements for such Searchlight Fund. All investors are required to represent in their subscription materials that they have carefully read the risk factor disclosures and

understand all such risks. Prospective investors are also advised in the offering materials that the risk factors and other investment considerations described therein are not necessarily a complete list or explanation of all risks involved and are advised to consult their own counsel and other advisors.

Without limiting (i) the foregoing, (ii) the disclosure set forth in the Searchlight Funds' private offering documents and governing agreements, and (iii) the acknowledgements made by investors in their subscription agreements or otherwise, the discussion below summarizes certain of the material risks associated with investments in the Searchlight Funds:

**Nature of Investment:** An investment in a Searchlight Fund requires a long-term commitment, with no certainty of return. There is no assurance that the portfolio investments of a Searchlight Fund will generate current income. Therefore, the return of capital and the realization of gains, if any, from a portfolio investment generally will occur upon the partial or complete realization or disposition of such portfolio investment. While a portfolio investment could be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most of a Searchlight Fund's portfolio investments will not occur for a number of years after such portfolio investments are made.

**Restrictions on Transfer and Withdrawal; Lack of Liquidity:** The interests in Searchlight Funds are not registered under the Securities Act or any other applicable securities laws and there will be no public or private market for the interests in Searchlight Funds and none is expected to develop. In addition, the interests in Searchlight Funds are not transferable and are not permitted to be encumbered.

**Prior Investment Performance Not Indicative of Future Results:** The performance of prior investments made by a Searchlight Fund or Searchlight's Principals or other investment professionals is not indicative of any Searchlight Fund's future results. On any given investment, total loss of the investment is possible.

**Investors Will Not Participate in Management of the Searchlight Funds:** Searchlight and the General Partners will have the exclusive responsibility for the Searchlight Fund's activities, including the management, day-to-day operations and investment and disposition decisions for the Searchlight Funds. Accordingly, investors in a Searchlight Fund will have almost no control over their investments in a Searchlight Fund and will not have the opportunity to approve investments made by a Searchlight Fund or to independently evaluate the information that will be utilized by Searchlight and the General Partners in the selection, management or disposition of investments.

**Dependence on Key Personnel:** The success of a Searchlight Fund depends in substantial part upon the skill and expertise of the Principals and other investment professionals of Searchlight. There can be no assurance that the Principals and other investment professionals will continue to be partners of or employed by Searchlight. The loss of service to a Searchlight Fund of one or more investment professionals could have a material adverse effect on the success of a Searchlight Fund.

**Effect of Fees and Expenses on Returns:** A Searchlight Fund will pay fees and will bear all expenses related to its operations. Such fees are expected to reduce the actual returns to investors in a Searchlight Fund. Most of the fees and expenses will be paid regardless of whether a Searchlight Fund produces positive investment returns.

**Indemnification:** Searchlight and its respective members, partners, shareholders, directors, officers, employees, agents, and affiliates, will be entitled to indemnification from a Searchlight Fund, except in certain circumstances and subject to limitations imposed by law or regulation. The assets of a Searchlight Fund will be available to satisfy these indemnification obligations, and investors in a Searchlight Fund



could be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of a Searchlight Fund.

**Possibility of Fraud or Other Misconduct of Employees and Service Providers:** Misconduct by employees of Searchlight, portfolio company officers or employees, service providers to the foregoing or their respective affiliates could cause significant losses to Searchlight or the Searchlight Funds. Misconduct could 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 a Searchlight Fund, misappropriation of Searchlight Fund assets, or the improper use or disclosure of confidential or material non-public information, any of which could result in litigation or serious financial harm. Searchlight has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurance can be given that Searchlight will be able to identify or prevent all such misconduct. Where such misconduct occurs, the Searchlight Funds could still have indemnification obligations to such employees and service providers and have limited remedies for such misconduct.

**Failure to Make Capital Contributions:** If any investor in a Searchlight Fund fails to fund its subscription obligation or make required capital contributions when due, a Searchlight Fund's ability to complete its investment program or otherwise continue operations could be impaired and the investor could be subject to significant consequences.

**Regulatory Concerns:** Each Searchlight Fund is not required to, and does not intend to, register as an investment company under the Investment Company Act. Accordingly, certain provisions of the Investment Company Act (which provide certain regulatory safeguards to investors) will not be applicable.

**Early Termination of a Fund:** Under the Partnership Agreement, a Searchlight Fund is permitted to be dissolved and terminated prematurely, and so could be unable to accomplish its objectives and be required to dispose of its investments at a disadvantageous time or make an in-kind distribution (causing investors not having their capital invested or deployed in the manner originally contemplated).

**Legal, Tax and Regulatory Risks:** During the term of a Searchlight Fund, legal, tax and regulatory changes could occur that adversely affect a Searchlight Fund. Failure to comply with the requirements imposed on Searchlight or the Searchlight Funds as a consequence of registrations or requirements that are currently applicable, or in future could be imposed, have the potential to result in a significant adverse effect on Searchlight's ability to perform its duties to the Searchlight Funds. Searchlight's ability to source and execute transactions for the Searchlight Funds could also be adversely affected by negative publicity arising from any regulatory compliance failures or other inappropriate behavior attributed to or any other publicity related to Searchlight, the General Partners', the Searchlight Funds' or a portfolio company's reputation.

**Credit Facility:** The General Partner has the authority to establish one or more credit facilities for a Searchlight Fund with one or more financial institutions. Implementation and utilization of any credit facility could result in fees and expenses to a Searchlight Fund. In addition, the Searchlight Funds could be required, in certain instances, to provide credit support in connection with the underlying portfolio investments' use of such Searchlight Fund's credit facility.

**Recourse to a Searchlight Fund's Assets:** A Searchlight Fund's assets, including any investments made by a Searchlight Fund and any capital held by a Searchlight Fund, are available to satisfy all liabilities and

other obligations of a Searchlight Fund. If a Searchlight Fund itself becomes subject to a liability, parties seeking to have the liability satisfied could have recourse to a Searchlight Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

**Competitive Marketplace:** A Searchlight Fund will be competing with a significant number of private equity funds, as well as institutional investors and strategic investors, for investments in prospective portfolio companies. As a result of this competition, there can be no assurance that a Searchlight Fund will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its committed capital. In addition, Searchlight could be unable to obtain as favorable terms as it would otherwise in a less competitive investment environment. The availability of investment opportunities generally will be subject to market conditions as well as the prevailing regulatory or political climate. In addition, the current private equity environment has become even more competitive as other market participants, including hedge funds and special purpose acquisition companies, have been competing for investment opportunities that have traditionally been targeted by private equity funds. The Searchlight Funds will be competing with other investors, private equity funds, financial institutions and corporate or strategic buyers, some of which will have greater resources than the Searchlight Funds, for the investments that the Searchlight Funds will make. Furthermore, additional Searchlight Funds with similar investment objectives are expected to be formed in the future by other unrelated parties. As a result, there can be no assurance that the Searchlight Funds will be able to identify and complete portfolio investments that satisfy their investment objectives or realize the value of those portfolio investments, or that they will be able to fully invest their commitments. Even so, investors will need to pay management fees based on aggregate commitments during the commitment period. The difficulty identifying and gaining access to attractive investment opportunities also applies to the management teams of portfolio companies, who will not necessarily be able to fully invest all the capital committed to those portfolio companies by a Searchlight Fund. The Searchlight Funds and the portfolio companies could incur significant expenses investigating potential investments that are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors.

**Limited Number of Investments:** A Searchlight Fund is able to participate in only a limited number of investments and, as a consequence, the aggregate return of a Searchlight Fund could be substantially affected by the unfavorable performance of a single investment.

**Minority Investments:** A Searchlight Fund is permitted to make minority equity investments or investments in debt securities in portfolio companies where the Searchlight Fund is not be able to protect its investment or to control or influence effectively the business or affairs of such entities to the same extent as it would in a controlled investment. As discussed above, the Opportunities Funds' investment mandate is to make non-control investments and, as a result, returns in the Opportunities Funds could be impacted more frequently by decisions of majority equityholders of such investments, which could include actions that limit the Opportunities Funds from exiting minority positions on a timely basis.

**Reliance on Portfolio Company Management:** Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the general partner of each Searchlight Fund and Searchlight will monitor the performance of each portfolio investment, there can be no assurance that the existing management team, or any successor team or member, will be able to successfully operate the portfolio company in accordance with such Searchlight Fund's plans. Additionally, portfolio companies need to attract, retain and develop executives and members of their management teams. The market for executive talent can be, despite general unemployment levels or developments

within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, a Searchlight Fund could be adversely affected thereby. Additionally, Searchlight relies on portfolio company management to comply with laws and regulations as they relate to such portfolio company. There can be no assurance that portfolio company management will assure such compliance.

**Leverage:** A Searchlight Fund's investments are expected to include companies whose capital structures have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Although Searchlight will seek to use leverage in a prudent manner, the leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio companies or their respective industry. Additionally, the securities acquired by a Searchlight Fund could be the most junior in a complex capital structure and thus subject to the greatest risk of loss. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Searchlight Fund. Except where otherwise required by the relevant governing documents, a Searchlight Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Searchlight Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

In addition, the Opportunities Funds are expected to utilize leverage in the acquisition of portfolio investments (including through the use of subscription lines), and accordingly, investors would not receive a preferred return accrual on such amount until such time as capital is actually called from investors. Such acquisitions by their nature, require companies to undertake a high ratio of fixed charges to available income. Utilization of leverage is a speculative investment technique and involves risks to investors. Further, the Searchlight Funds are permitted to maintain additional leverage at the fund or aggregator level with one or more financial institutions. The Searchlight Funds reserve the right to make investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors: subscription lines) before calling capital commitments. The interest expense and other costs of any such borrowings will be borne by the applicable investors in each Searchlight Fund and therefore are expected to decrease net returns of such Searchlight Fund and its investors. Interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the applicable Searchlight Fund. Given the foregoing, Searchlight has an incentive to cause such vehicle to borrow in this way rather than draw down capital commitments, subject to the operating and offering documents of each Searchlight Fund. In addition, because amounts borrowed under a subscription line typically are secured by pledges of the relevant general partner's right to call capital from the investors, investors will, in certain circumstances, have to contribute capital on an accelerated basis if a Searchlight Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default.

**Hedging:** A Searchlight Fund is permitted to enter into purchase swaps, forward contracts and other arrangements to seek to preserve a return on a particular investment or to seek to protect against currency fluctuations. Such transactions have special risks associated with them, including the possible default by the counterparty to the transaction and the illiquidity of the instrument acquired by a Searchlight Fund relating thereto. Although such transactions have the potential to reduce a Searchlight Fund's exposure to currency fluctuations or decreases in the value of investments, the costs associated

with these arrangements reduce the returns that a Searchlight Fund would have otherwise achieved if it had not entered into these transactions.

**Swaps:** Searchlight Funds are permitted to enter into swap agreements to facilitate its investment objectives and for hedging purposes. Swap agreements could be individually negotiated to include exposure to a variety of different types of investments or market factors. If a swap counterparty's creditworthiness declines, the value of the related swap agreement would likely decline, potentially resulting in losses to the Searchlight Funds. A significant factor in the performance of swap agreements is the change in the specific amounts of payments to and from a Searchlight Fund.

**Derivatives:** Searchlight Funds are permitted to invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, currencies or interest rates. Depending on how derivatives are used, they have the potential to increase or decrease the volatility of a Searchlight Fund's portfolio. Derivatives have the potential to have very high leverage embedded in them, which can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which the Searchlight Funds could effect derivative transactions are over-the-counter or interdealer markets. Such markets could expose the Searchlight Funds to risks that a counterparty will not settle a transaction because of a credit or liquidity issue or because of disputes over terms of the contract.

**Bridge Financing:** A Searchlight Fund is permitted to provide bridge financing or investments in connection with one or more of its equity investments. A Searchlight Fund will bear the risk of any changes in capital markets that adversely affect the ability of a portfolio company to refinance any bridge investments. If the portfolio company were unable to complete a refinancing, a Searchlight Fund could have a long-term investment in a junior debt security or a junior debt security that is convertible into equity.

**Refinancing/Syndication of Investments:** In certain cases, Searchlight Fund will make an investment in a single transaction with the intent of refinancing or syndicating the portion of that investment constituting a bridge financing. In such cases, there is a risk that such Searchlight Fund will be unable to successfully complete such a refinancing or syndication. The Searchlight Fund will incur certain expenses in acquiring such investment, including with respect to structuring the investment, that will not be reimbursed to such Searchlight Fund in connection with the refinancing or syndication of the investment or a portion thereof. The Searchlight Fund's General Partner is permitted to waive or could determine not to charge interest on the refinanced or syndicated portion of the investment. As such, the Searchlight Fund could derive little or no benefit from, or lose capital in connection with, holding the refinanced or syndicated portion. Bridge financings and similar arrangements have the potential to cause a Searchlight Fund to be less diversified than Searchlight intended.

**Warehoused Investments:** Searchlight or its affiliates have warehoused, and could in the future warehouse, one or more investments (a "Warehoused Investment") (subject to applicable laws and regulations) for Searchlight Fund. The purchase price for any Warehoused Investment will generally be (i) an amount equal to the cost to Searchlight of such Warehoused Investment, including any expenses, costs of borrowing, or an interest charge, or (ii) an amount to be determined between parties at the relevant time; provided that the Searchlight family entities have the ability to contribute Warehoused Investments in exchange for a distribution of corresponding interests in such Searchlight Fund. Searchlight will determine, in its discretion, when to transfer such Warehoused Investments to the applicable Searchlight Fund, which will affect the amount of interest that will accrue to and be paid to Searchlight or its applicable

affiliates (including Searchlight Funds) upon such transfer or redemption. Because the value of Warehoused Investments could decline prior to their transfer to a Searchlight Fund, there can be no assurance that their value at the time of the transfer will not be less than their cost to such Searchlight Fund. Although the value of any Warehoused Investments could decline, in some cases significantly, prior to the admission of investors, such Searchlight Fund will be required to repay Searchlight or its affiliates (including Searchlight Funds) any such amounts, plus any expenses, costs of borrowing, or an interest charge. Moreover, in some cases, the value of any Warehoused Investment could increase, which, if subsequently purchased at cost, could benefit the purchaser to the detriment of the seller.

**Nature of Distressed Investments:** Searchlight Funds are permitted to invest in debt obligations and other securities of distressed companies. These debt obligations and other securities will by their nature relate to companies in unstable financial condition and entail substantial inherent risks. Many of these companies likely will have significantly leveraged capital structures, making them highly sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry.

**Effects of Bankruptcy:** A Searchlight Fund is permitted to make investments in portfolio companies that are or could become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks that are faced in bankruptcy cases that must be factored into the investment decision include, for example, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, a Searchlight Fund could suffer a loss of all or a part of the value of its investment in a portfolio company. A bankruptcy filing could adversely and permanently affect a portfolio company. The portfolio company could lose market position and key employees, and there is no assurance that the liquidation value of the portfolio company will be equal to the liquidation value that was believed to exist prior to the making of the initial investment.

**Difficulty in Valuing Investment Portfolio:** The valuation of Searchlight Fund investments, which will affect the performance results of the Searchlight Funds, involves uncertainties and subjective determinations. Because Searchlight determines in its discretion the value of Searchlight Fund investments, potential conflict of interest exists in making valuation determinations given the potential impact of such valuations on a Searchlight Fund's performance, particularly with respect to payment of performance fees. There can be no assurance that the Searchlight Funds will be able to realize their investments at prices that are commensurate with the value at which such investments have been carried on the Searchlight Funds' books and the difference between carrying value and the ultimate sale price could be material. The fair value of all investments or of property received in exchange for any investments will be determined by Searchlight in accordance with the applicable limited partnership agreements of the Searchlight Funds and Searchlight's valuation policies. The exercise of discretion in valuation by Searchlight presents a conflict of interest, including in connection with determining the amount and timing of distributions in respect of any carried interest and the calculation of any Management Fees after the end of an applicable Searchlight Fund's investment period. Notwithstanding the terms of the applicable limited partnership agreements, Searchlight could have an incentive to adjust valuation determinations upward (or to avoid reductions) in order to enhance performance reporting with the effect of receiving higher Management Fees where applicable. Further, in connection with Searchlight's discretion in valuing certain assets, Searchlight maintains discretion to determine whether certain assets have experienced a permanent and significant decline in value. A permanent and significant decline in the value of an investment would generally reduce the basis from which Management Fees are

calculated where applicable. Searchlight therefore could have an incentive with respect to certain Searchlight Funds to hold onto assets or other investments that have poor prospects for improvement or to avoid or otherwise delay determining that an investment has been subject to a permanent and significant decline in value. Limited partners will generally not have access to detailed valuation calculations and methodologies or to the underlying information utilized for a particular valuation or investment.

**Toehold Investments:** Searchlight Funds are permitted to accumulate minority positions in the outstanding voting stock, or securities convertible into the voting stock, of potential portfolio companies. While Searchlight Funds will generally seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions, or private placements, there is no assurance that the Searchlight Funds will be able to accumulate a sufficiently large position in a target company to execute its strategy.

**Risks In Effecting Operating Improvements:** In many cases, the success of a Searchlight Fund's investment strategy will depend, in part, on the ability of a Searchlight Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing potential operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Searchlight Fund will be able to successfully identify and implement such improvements.

**Investments in Debt Securities Generally:** Searchlight Funds are permitted to invest in debt securities and obligations which entail typical credit risks (i.e., the risk of non-payment of interest and principal) and market risks (i.e., the risk that interest rates and other factors will cause the value of the instrument to decline).

**Interest Rate Risks:** Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities.

**Investments in Junior, Unsecured Securities:** Searchlight Funds are permitted to acquire securities which are junior, unsecured, equity or quasi-equity instruments. While this approach can facilitate obtaining control and then adding value through active management, it also means that the Searchlight Fund's positions will be unsecured. The ability of the Searchlight Funds to influence an issuer, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. In certain cases, investments in junior, unsecured securities are subject to early redemption features, refinancing options, prepayment options or other similar provisions, which, in each case, could result in the issuer repaying the principal on an obligation earlier than expected.

**Sub-Investment Grade and Unrated Debt Obligations:** Searchlight Funds investment strategy could result in investments in sub-investment grade securities, which are subject to greater risk of loss of principal and interest than higher-rated instruments. Because investors generally perceive that there are greater risks associated with non-investment grade instruments, yields and prices of such instruments have the potential to fluctuate more than those that are higher rated.

**Pay-In-Kind Bonds:** Searchlight Funds are permitted to invest in PIK bonds. PIK bonds pay interest through the issuance of additional debt or equity securities. These instruments realize no cash until the cash payment date unless a portion of the instrument is sold. If the issuer defaults, the Searchlight Funds

could obtain no return on its investment. Current U.S. federal tax law requires the holders of certain types of PIK bonds to accrue income with respect to these securities prior to the receipt of cash payments, which could result in the Searchlight Funds generating taxable income without cash needed to make distributions of such income to its investors.

**Preferred Stock and Other Equities:** Searchlight Funds are permitted to invest in preferred stock which have characteristics of both debt and equity. Dividend payments to preferred stockholders could be suspended or cancelled if the issuer experiences liquidity difficulties and the principal paid for preferred stock is generally subordinate to the debt obligations of the issuer. Preferred stocks are not generally entitled to meaningful covenant protection. Some preferred stocks could be non-cumulative, which means that the issuer does not ever have to declare or pay dividends on the stock or make-up any missed dividends.

**Convertible Securities:** Searchlight Funds are permitted to invest in convertible securities. A convertible security is a bond, debenture, note, preferred stock or other security that can be converted for a prescribed amount into common stock or other equity security of an issuer. Convertible securities rank senior to common stock in a corporation's capital structure, but are typically subordinated to comparable non-convertible securities. Convertible securities could be subject to redemption at the option of the issuer at a price established in the convertible security's governing documents. The value of a convertible security will be influenced by its "conversion value", which is the market value of the underlying equity security that would be obtained if the convertible security was converted.

**Non-U.S. Investments:** Searchlight Funds are permitted to invest in portfolio companies organized and operating primarily in certain countries outside the United States. Such non-U.S. Investments could involve risks and special considerations not typically associated with U.S. Investments. Such risks could include (i) the risk of nationalization or expropriation of assets or confiscatory taxation, (ii) social, economic and political uncertainty, including corruption, war and revolution, (iii) dependence on exports and the corresponding importance of international trade, (iv) price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets, (v) currency risks, including exchange rate fluctuations, devaluation and the costs of currency conversions, (vi) rates of inflation, (vii) controls on, and changes in controls on, foreign investment, limitations on repatriation of invested capital, proceeds from the sale of securities and other remittances, and on a Searchlight Fund's ability to exchange local currencies for U.S. dollars, (viii) governmental involvement in and control over such non-U.S. economies, (ix) governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies, (x) differences in auditing and financial reporting standards which could result in the unavailability of material information about issuers, (xi) less extensive regulation of the securities markets, (xii) longer settlement periods for securities transactions, (xiii) less developed corporate laws regarding fiduciary duties and the protection of investors, (xiv) adverse effects of local withholding and foreign tax requirements on repatriation of income from and investments in entities that are organized or domiciled in non-U.S. jurisdictions, (xv) less reliable judicial systems to enforce contracts and applicable law, (xvi) foreign restrictions and prohibitions on ownership of property by U.S. entities and changes in foreign laws relating thereto, and (xvii) incidents of terrorism.

**Reinvestment:** Under certain circumstances, proceeds distributable (or previously distributed) to the investors in a Searchlight Fund that constitute a return of capital contributions could be retained and reinvested (or recalled for reinvestment) by Searchlight or used (or recalled for use) by Searchlight for any other proper purpose. Accordingly, an investor could be required to fund for investments or expenses

during the term of a Searchlight Fund an aggregate amount that significantly exceeds its capital commitment.

**Unspecified Use of Proceeds:** Investors in a Searchlight Fund do not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by a Searchlight Fund and, accordingly, will be dependent upon the judgment and ability of Searchlight in investing and managing the capital of a Searchlight Fund.

**Material Non-Public Information:** Despite the maintenance of restricted lists and other internal controls, perhaps the internal controls relating to the management of material non-public information could fail and lead to Searchlight, or one of its investment professionals, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could harm Searchlight's reputation, lead to the imposition of regulatory or financial sanctions, and so harm Searchlight's ability to perform its investment management services on behalf of a Searchlight Fund.

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

**Uncertain Economic, Social and Geopolitical Environment:** Searchlight, the Searchlight Funds and the companies in which they invest could be adversely affected by economic, social and geopolitical developments in the countries in which they are invested and more broadly. The global economic and geopolitical climate is uncertain as acts of war, acts of terrorism, the threat of future acts of war or terrorism, growing social and political discord in the United States and elsewhere, economic sanctions, tariffs and other trade disputes, evolving international political developments, changes in government policies and taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken. This could have an adverse effect on the economy generally and on the ability of the Searchlight Funds to execute their respective strategies. A climate of uncertainty could reduce the availability of potential investment opportunities and increases the difficulty of modeling market conditions. The Searchlight Funds could be adversely affected by abrogation of international agreements and national laws which have created the market instruments in which the Searchlight Funds invest, failure of the designated national and international authorities to enforce compliance with the same laws and agreements, failure of local, national and international organization to carry out the duties prescribed to them under the relevant agreements, revisions of these laws and agreements which dilute their effectiveness or conflicting interpretation of provisions of the



same laws and agreements. Global developments related to international policy and trade have fueled doubts about the future of global free trade. The U.S. government, along with other governments, have indicated their intent to alter their approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. U.S. and global market and economic conditions could decrease the demand for consumer products and could materially and adversely affect (i) the ability of a Searchlight Fund, its portfolio companies or their respective affiliates to access credit markets on favorable terms or at all in connection with the financing or refinancing of investments, (ii) the ability or willingness of certain counterparties to do business with a Searchlight Fund or its affiliates, (iii) a Searchlight Fund's exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents), (iv) consumer spending and demand for the products and services offered by a Searchlight Fund's portfolio companies, (v) growth opportunity for a Searchlight Fund's investments, (vi) a Searchlight Fund's ability to exit its investments at desired times, on favorable terms, or at all, (vii) availability of reliable insurance on favorable terms or at all, and (viii) the ability of a Searchlight Fund's investors to meet their obligations to a Searchlight Fund promptly or at all. There can be no assurance as to the future direction of national and global market and economic conditions. The market outlook, trends, opportunities and other matters presented in the Searchlight Funds' private offering documents and governing agreements are based on various estimates and assumptions, including about future events. There can be no assurance that such market outlook, trends, opportunities and other matters will materialize.

**Russia-Ukraine Conflict:** The Russian Federation invaded Ukraine on February 24, 2022. Geopolitical tensions have mounted in response and the U.S., the United Kingdom, European Union ("EU") member states, and other countries have imposed economic sanctions on the Russian Federation, parts of Ukraine, as well as various designated parties. These sanctions have impacted the Russian Economy. As further military conflicts and economic sanctions continue to evolve, it has become increasingly difficult to predict the effect of these events or how long they will last. Depending on direction and timing, the Russian Federation-Ukraine conflict could significantly exacerbate the normal risks associated with a Searchlight Fund and lead to adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping, energy and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) demand for investments; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords and governmental policies. Economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, could affect markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place in the near term. It is also expected that the Russian Federation-Ukraine conflict could spark further sanctions or military conflicts which will impact other regions. The foregoing could seriously impact each Searchlight Fund's operations and its ability to timely realize its investment objectives.

**Israel Conflict:** Following the invasion of Israel on October 7, 2023 by certain organizations residing in territories and countries adjacent to Israel, military activities conducted immediately thereafter by many of the parties involved or indirectly involved have significantly increased the risks related to the conduct of international policy and trade in the area. The foregoing could seriously impact the operations of the Searchlight Funds and their ability to realize investment objectives in a timely manner.

**Inflation:** Certain countries have experienced and could in the future experience substantial, and in some periods extremely high, rates of inflation. Inflation and rapid fluctuations in inflation rates have had and could continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Searchlight Funds invest. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Searchlight Funds.

**Benchmark Risk:** The London Interbank Offered Rate (“LIBOR”) and certain other “benchmarks” have been the subject of national, international, and other regulatory guidance and reform. As of February 2024, only the synthetic 1-month, 3-month and 6-month US dollar LIBOR settings, and the synthetic 3-month sterling LIBOR setting, remain, with the USD settings expected to cease permanently at the end of September 2024 and the sterling setting expected to cease permanently at the end of March 2024. The current phasing out and discontinuation of the remaining LIBOR settings, or the replacement of the remaining LIBOR settings with an alternative reference rate such as the Secured Overnight Financing Rate (“SOFR”), has the potential to adversely affect Searchlight’s credit arrangements and negatively impact the expected return on a Searchlight Fund’s portfolio and/or the availability of instruments designed to hedge a Searchlight Fund’s exposure to the remaining LIBOR settings, and such impacts could be material.

Although it is expected that certain loan obligations that bear interest based on the remaining LIBOR settings will have migrated to a new benchmark, there is no guarantee that (i) such transition has occurred or will occur, and if it occurs, when such transition will occur, (ii) any particular alternative rate will replace the remaining LIBOR settings as the benchmark for such loan obligations and (iii) any spread adjustment adopted in connection with such transition will be representative of the remaining LIBOR settings as of the date of determination of such benchmark.

The discontinuation of the remaining LIBOR settings could cause an increase in the volatility of the remaining LIBOR settings and SOFR or any other relevant alternative rate prior to the consummation of any such change. There is no certainty as to how the emerging market-accepted alternatives to the remaining LIBOR settings have the potential to impact investment returns. It is possible that no alternative benchmark will reflect the composition and characteristics of the remaining LIBOR settings, and dramatic shifts in debt investments and the debt markets generally could occur, which has the potential to negatively impact the expected return on Searchlight’s portfolios. As a result of the expected transition, interest rates on loans, deposits, derivatives, and other financial instruments tied to the remaining LIBOR settings, as well as the revenue and expenses associated with those financial instruments, could be adversely affected. There is no guarantee that a transition from the remaining LIBOR settings to an alternative will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which has the potential to have a material adverse effect on Searchlight’s business, result of operations, and financial condition.

**Alternative Data and Automated Decision-Making Technologies:** Searchlight uses and expects to continue to use alternative data in its investment process. Alternative data could consist of datasets that have been culled from a variety of sources, such as internet usage, payment records, financial transactions, weather and other physical phenomena sensors, applications and devices (such as smartphones) that generate location and mobility data, data gathered by satellites, and government and other public records databases (this data is sometimes referred to as “big data” or “alternative data”). Searchlight reserves the right to apply this alternative data to better anticipate micro- and macroeconomic trends and otherwise to develop or improve trading or investment themes. No assurance can be given that Searchlight will be successful in utilizing alternative data in its investment process.

In addition, Searchlight uses and expects to continue to use machine learning, predictive data analytics, automated decision-making technologies and similar technologies in certain limited circumstances. For example, we use such technologies for certain administrative tasks, virtual assistants, predictive analysis, interpretation of data and the generation of template messages. As with many technological innovations, there are significant risks involved in maintaining and deploying these technologies and there can be no assurance that the usage of such technologies will enhance our services or be beneficial to the Searchlight Funds.

In particular, if the models underlying such technologies are incorrectly designed or implemented; trained or reliant on incomplete, inadequate, inaccurate, biased or otherwise poor quality data, or on data to which we do not have sufficient rights or in relation to which we and/or the providers of such data have not implemented sufficient legal compliance measures; are used without sufficient oversight and governance to ensure their responsible use; and/or adversely impacted by unforeseen defects, technical challenges, cybersecurity threats or material performance issues, such technologies could produce inaccurate or misleading content or other discriminatory or unexpected results or behaviors, such as hallucinatory behavior that can generate irrelevant, nonsensical, or factually incorrect results, or infringing material, all of which has the potential to adversely affect our operations and the performance of the Searchlight Funds, and we could incur liability through the violation of laws or contracts to which we are a party or civil claims.

Use of alternative data and technologies presents certain conflicts of interest to Searchlight and risks to Searchlight's clients. For example, conflicts of interest can arise from the data utilized (including investor data) and the inferences such technologies make in analyzing such data, other data, securities, or other assets. Use of these data and technologies has the potential to increase the risk that certain conflicts of interest remain unidentified or unaddressed, while also potentially increasing the scalability of the transmission of such conflicts of interest. Additionally, use of such data and technologies could result in the recommendation of products or services that financially benefit Searchlight but are not consistent with the investment goals or risk tolerance of Searchlight's clients.

Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data and technologies, and the use or misuse of such data and technologies under current or future laws and regulations could create liability for Searchlight and the Searchlight Funds in numerous jurisdictions. Searchlight cannot predict what, if any, regulatory or other actions could be asserted with regard to its use of alternative data and technologies, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to Searchlight or to the Searchlight Funds. Conversely, future limitations on the use of alternative data and technologies have the potential to materially adversely impact the performance of the Searchlight Funds.

**Withdrawal of the United Kingdom from the European Union:** The United Kingdom ("UK") withdrew from the EU on January 31, 2020 ("Brexit"). In connection with Brexit the UK and the EU agreed the Trade and Cooperation Agreement ("TCA") which took effect from January 1, 2021, that governs the future trading relationship between the UK and the EU in specified areas. On June 27, 2023, the UK signed a Memorandum of Understanding with the European Union to increase co-operation on financial services. The Memorandum of Understanding does not represent an agreement or roadmap towards reconstituting any of the mutual freedoms prior to Brexit; rather, it represents an arrangement to cooperate around shared objectives and establishes a "forum" mechanism to facilitate discussion.

The Memorandum of Understanding sets out a shared objective of preserving financial stability, market integrity and the protection of investors and consumers. Brexit continues to lead to changes to the regulatory environment and regulatory divergence between the UK and EU. In particular, in the UK the Financial Services and Markets Act 2023, which received Royal Assent on 29 June 2023, made provision for all retained EU legislation (known as “assimilated law” from 1 January 2024) to be repealed and replaced with UK-specific legislation and regulatory rules. While this will not necessarily result in policy changes to all regimes inherited from the EU, it does afford policymakers with the opportunity to make such changes and will result in divergence in certain areas. Further, the EU is also working on legislative changes as part of scheduled reviews of various regulatory regimes; such changes will not be reflected in the UK equivalent regimes.

There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on Searchlight, the Searchlight Funds or the Searchlight Funds’ portfolio companies, including the ability of the Searchlight Funds to achieve their investment objectives. The ongoing effects of Brexit have the potential to 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 Searchlight to manage, operate and invest the Searchlight Funds and increased legal, regulatory or compliance burden for Searchlight or the Searchlight Funds, each of which has the potential to negatively impact the operations, financial condition, returns or prospects of the Searchlight Funds.

**The AIFMD and the UK AIFMR:** The Directive on Alternative Investment Fund Managers, together with any supplementary regulation implemented in the UK following Brexit (“UK AIFMR”), or subordinate legislation or guidance thereto implemented in any relevant jurisdiction (the “AIFMD”), imposes requirements on AIFMs (as defined in the AIFMD) that market AIFs (as defined in the AIFMD) to professional investors who are domiciled or have a registered office within the European Economic Area (the “EEA”) or the UK, as applicable. The UK AIFMR currently imposes compliance obligations that are broadly similar to those described below in connection with a non-EEA AIFM marketing a non-EEA AIF.

For these purposes certain of the Searchlight Funds are non-EEA and non-UK AIFs and Searchlight is a non-EEA and non-UK AIFM. As a non-EEA entity, Searchlight, is required to comply with the national private placement regimes in those EEA member states that allow private placement and in which interests in a Searchlight Fund is marketed and sold. Compliance with these requirements could result in significant additional costs over the life of the Searchlight Funds and reduce returns to investors. In addition, Searchlight relies on third party AIFMs to manage certain of its AIFs from time to time. Searchlight and its affiliates and agents have endeavored to comply with these rules as interpreted but there is not absolute certainty as to their successful compliance. In the event that Searchlight or any of its affiliates or agents, including any third party AIFMs, is found to have breached the provisions of the AIFMD (inadvertently or otherwise), such parties (and/or a Searchlight Fund indirectly) would potentially face regulatory sanctions and/or EEA investors could seek to rescind their interests, which would result in significant costs and ultimately materially and adversely affect such Searchlight Fund.

**AIFMD II:** On November 25, 2021, the European Commission adopted a legislative proposal to amend the AIFMD and Directive 2009/65/EC (the “Amending Directive”). On November 16, 2013, the Council of the European Union and the European Parliament announced that they had reached political agreement on the text of the Amending Directive. The Amending Directive is expected to become effective in 2026, subject to certain transitional arrangements. The text provides a number of provisions that, when implemented have the potential to adversely affect the ability of certain of the Searchlight Funds to

achieve its investment objectives, as well as the ability of certain of the Searchlight Funds to conduct its operations, including but not limited to: concentration limits, limits on lending to connected entities, cap on leverage and risk retention requirements for loan originating funds, and also mandated liquidity management mechanisms. As a result, certain of the Searchlight Funds and their investments could be adversely affected. It is possible that the Amending Directive will entail certain of the Searchlight Funds incurring additional costs, expenses or resources, and restrict or prohibit certain activities.

**Data Privacy and Cybersecurity Laws Requirements:** Searchlight, each Searchlight Fund, their respective affiliates, portfolio companies, and, on their behalf, third-party vendors, collect, use, handle and otherwise process information related to individuals ("personal information"), including information concerning actual and prospective individual investors (and the beneficial owners of investors) and representatives of institutional investors, as well as employees, job applicants, representatives of companies Searchlight, a portfolio company or an affiliate thereof does business with, and others, which subjects Searchlight, its portfolio companies or their affiliates to certain foreign, federal and state laws, regulations, rules and other requirements related to the privacy, security and processing of personal information.

These requirements, and their application and interpretation, are constantly evolving and increase the potential exposure to regulatory enforcement or litigation. In particular, the SEC has proposed new cybersecurity risk management rules intended to enhance cybersecurity preparedness and resilience, which would impose further requirements on Searchlight if the new rules were to come into effect. Compliance with such emerging requirements will likely result in increased compliance costs and have the potential to lead to changes in Searchlight's business practices.

The General Data Protection Regulation and equivalent legislation in the UK impose comprehensive data privacy compliance obligations in relation to the processing of personal information which are actively enforced (the "GDPR"). The GDPR also regulates the international transfer of personal information from the European Economic Area ("EEA") and UK. Following development of regulatory guidance and enforcement action in this area, we expect legal complexity and uncertainty regarding data transfers to continue. To the extent that Searchlight actively offers investment opportunities to natural persons located in the EEA and the UK, Searchlight will be subject to the GDPR.

In addition, Searchlight, the Searchlight Funds, and their respective affiliates receive, store, handle, transmit, use and otherwise process information related to our portfolio companies and prospective portfolio companies, including from and about actual and prospective investors (and the beneficial owners of investors), as well as our employees, job applicants, contractors and representatives of companies we do business with (collectively, "confidential information"). As a result, Searchlight, each Searchlight Fund and each affiliate thereof is, and could in the future become subject to further U.S. federal and state laws, rules and regulations related to data privacy, data protection and information security which could apply to personal information provided by, or on behalf of, any investor. For instance, in the United States, the federal Gramm-Leach-Bliley Act of 1999 ("GLBA") and Regulation S-P adopted by the SEC pursuant to the GLBA, imposes certain privacy obligations on covered financial institutions that offer financial products or services, including to notify customers of their privacy policies and establish sufficient safeguards of its confidential information. Additionally, many states are currently reviewing or proposing the need for greater regulation of the collection, sharing, use and other processing of information about individuals and there remains increased interest at the federal level.

We could be required to modify our data collection or processing practices and policies and incur substantial costs and expenses in an effort to comply with such laws, and increase our potential exposure to regulatory enforcement and/or litigation. Additionally, these requirements, and their application, interpretation and amendment are constantly evolving and developing. Compliance with existing and emerging data privacy and security laws, regulations and industry standards could result in increased compliance costs and/or lead to changes in business practices and policies. Any actual or perceived failure to protect the confidentiality of client or other personal information could adversely affect Searchlight's reputation, result in legal claims or proceedings (including class actions), regulatory investigations or enforcement actions, fines or other financial loss, require Searchlight to incur significant costs or investment in resources, and impact strategies, any of which could materially and adversely affect Searchlight and each Searchlight Funds business, results of operations and financial condition.

**Environmental, Social & Governance ("ESG") Matters:** ESG matters have been the subject of increased stakeholder and regulatory focus. This can result in increased costs and risks associated with our activities. While Searchlight strives to implement appropriate ESG practices, expectations and standards regarding ESG matters continue to evolve rapidly, and there can be no assurance that Searchlight will be able to identify all ESG matters that impact investments or that any measures adopted will successfully manage the matters that are identified. ESG-related practices differ by region, industry, and issue; as such, an investment or potential investment's ESG profile and practices, or Searchlight's assessment of such profile and practices, change over time. Methodologies regarding ESG matters continue to evolve and, in many cases, the assessment of ESG matters entails a substantial degree of subjectivity, including on the appropriate metrics or other information to use. As such, there is no guarantee that Searchlight will be able to measure the ESG risks or performance of investments or potential investments of a Searchlight Fund in a manner that is accurate or in keeping with the values and preferences of a particular investor. In evaluating an investment's ESG characteristics, Searchlight expects to also rely on information and data from various third parties, which could be incomplete, inaccurate, produced using different or divergent methodologies, or unavailable. As a result, there is a risk that Searchlight could incorrectly assess the ESG profile of an investment or potential investment, including the feasibility of improving such profile or the costs associated therewith. There is also a risk that Searchlight's application of ESG criteria is not done correctly or with a focus on particular risks, either in relation to individual criteria or in the aggregate. Even where ESG matters are assessed, a portfolio could have indirect exposure to companies that do not meet the relevant ESG criteria used by such portfolio. Searchlight has in the past and could in the future apply distinct ESG criteria to different Searchlight Funds, or weighting of such criteria, dependent on such Searchlight Funds' relevant strategies and priorities, which in certain cases has resulted, and could in the future result, in different assessments of the ESG profile for the same investment or potential investment.

While Searchlight views ESG considerations as having the potential to contribute to a portfolio's long-term performance, there is no guarantee that any particular results will be achieved, either over a particular timeframe or at all. Relatedly, there is no guarantee that any investment or potential investment will achieve ESG targets or, whether or not such targets are met, have a particular impact, either on particular ESG matters or as a whole. Further, the application of ESG considerations in the discovering, assessing, developing, negotiating, evaluating, acquiring, structuring, holding, carrying, monitoring, managing and disposing of the Searchlight Funds' investments could result in higher ESG compliance expenses or costs. The use of ESG criteria affects a Searchlight Fund's investment performance (including by increasing expenses) and, as such, any given Searchlight Fund is expected to perform differently compared to similar funds that either do not use such criteria or use such criteria in a different manner.

Additionally, it should not be assumed that any ESG practices or standards will apply, or will not apply, to every investment in which the Searchlight Funds invest or that they have applied, or have not applied, to all of such Searchlight Funds' prior investments. ESG is only one set of many considerations that Searchlight takes into account when making investment decisions and when seeking to maximize risk-adjusted investment returns, and other considerations can be expected in certain circumstances to outweigh ESG considerations. Accordingly, certain investments exhibit characteristics that are inconsistent with ESG standards.

The impact following the occurrence of an ESG event varies depending on the nature of the event, asset class, the region and applicable regulatory regime(s). Where such an event occurs, there could be a negative impact on the value of an underlying asset or other adverse impacts for the underlying asset, Searchlight or the Searchlight Funds, including resulting in reputational harm. Any ESG information provided is intended solely to provide an indication of ESG initiatives and standards that the firm applies when seeking to evaluate or improve the ESG characteristics of an investment as part of the larger goal of maximizing financial returns on investments. Accordingly, certain investments will, from time to time, exhibit characteristics that are inconsistent with the practices or standards described herein.

**ESG Regulation:** Various policymakers, including in the U.S., UK and EU, among other jurisdictions, have adopted, or are considering adopting, laws or regulations regarding the consideration of various ESG matters. Under certain such requirements, Searchlight could be required to classify itself, its funds, or individual investments or potential investments against certain criteria, which are open to subjective interpretation in certain circumstances. Searchlight's view on the appropriate classification is expected to develop over time, including in response to statutory or regulatory guidance or changes in industry practices or approaches to classification. A change to the relevant classification would require further actions to be taken, such as requiring further disclosures by impacted Searchlight Funds or new processes to be set up to capture data about relevant investments, which can lead to additional costs. In addition, there is a risk that a classification of Searchlight, any of the Searchlight Funds, or any of its individual investments or potential investments as considering or not considering certain ESG matters results in Searchlight, any such Searchlight Fund or any such investment being targeted by certain policymakers or other stakeholders for activism or pushback. Policymakers have increased the level of scrutiny on ESG disclosures, and Searchlight could in the future be required to incur costs or expend substantial time and resources in responding to such policymakers' inquiries.

Additionally, there is increasing fragmentation in the ESG expectations of various jurisdictions. This could in the future require us to prepare disclosures under various different methodologies that do not align with the methodologies we use in our assessment of ESG criteria, and to incur additional costs. Moreover, several jurisdictions, including various U.S. states, have adopted or proposed legislation or other policies to require relevant state entities or the administrators of state investments to take certain prescriptive steps regarding their investment decisions. Certain of these jurisdictions require the consideration of certain ESG matters, whereas others require investment decisions to be made solely on financial factors or investment returns without consideration of certain ESG matters. In addition, other potential investors could voluntarily implement strategies regarding their investments in funds dependent on their use or eschewal of ESG factors. To the extent such state laws apply to prospective investors in the Searchlight Funds or a significant number of such prospective investors adopt strategies regarding investment in funds based on ESG factors, Searchlight could in the future be required to modify, augment, or eliminate its ESG policies to the extent Searchlight targets particular investors for investment in the Searchlight Funds, or limit its investor base to exclude investors with deviating ESG strategies, which could materially affect the amount of capital a Searchlight Fund has available for implementing its investment objectives. In addition,

the evolving nature of ESG and sustainability-related regulations and practices means that there is likely to be a degree of divergence as to the regulatory and market meaning of such terms, as well as the divergent views on the degrees to which such matters contribute to long-term performance.

**Competition for ESG and Climate-Related Investments:** Due to increasing market interest in ESG and climate-related investing, the Searchlight Funds are likely to encounter competition from other entities having a similar focus on these areas. Searchlight expects that competition for appropriate investment opportunities in these areas will increase, which could increase the difficulty of finding investments at attractive prices or at all, increase the pressure on the Searchlight Funds to seek investments that are perhaps more vulnerable to greenwashing claims or allegations, increase the likelihood the Searchlight Funds will pay higher prices for investments, conduct less due diligence or provide certain seller favorable terms in transactions, or decrease the likelihood of the Searchlight Funds obtaining buyer favorable terms in transactions.

**Disease and Epidemics:** The impact of disease and epidemics, including coronavirus, could have a negative impact on our business, the Searchlight Funds, their portfolio companies and their performance and financial position. Renewed outbreaks of existing pandemics or the outbreak of new epidemics or pandemics (or variants thereof) could result in health or governmental authorities requiring the closure of offices or other businesses and could also result in a general economic decline. For example, such events could adversely impact economic activity through disruption in supply and delivery chains. Moreover, our operations and those of our Funds or portfolio companies could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses could have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence could negatively impact market value, increase market volatility and reduce liquidity, all of which could have an adverse effect on our business, the Searchlight Funds and underlying portfolio investments. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated.

**Regulatory Changes:** The regulatory environment for private funds and other financial institutions is evolving. A portfolio company in which the Searchlight Funds invest could be materially and adversely affected as a result of new laws or regulations, or statutory or regulatory changes or changes in judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company, the markets in which such company operates or such company's industry generally. For example, environmental laws regulating infrastructure projects could become more restrictive, as governments aim to limit the impact of infrastructure on the environment, wildlife and natural resources and reduce the emissions of greenhouse gases. Such changes could materially and adversely affect the performance of one or more of the Searchlight Funds' investments. Moreover, additional regulatory approvals and permits, including renewals, extensions, transfers, assignments, reissuances or similar actions, could become applicable in the future due to a change in laws and regulations, a change in the companies' customer(s), or for other reasons. Changes in laws and regulations could result in increased compliance costs, additional capital expenditures or unanticipated liabilities. A portfolio company also could be materially and adversely affected by regulations that have been vacated, remanded or otherwise limited by court decisions, which creates considerable uncertainty as to how these regulations will be modified and/or ultimately implemented. Any such modifications could alter the competitive landscape and/or the nature of the markets in which a portfolio company operates in a material and adverse manner to such portfolio company.



**SEC Regulation; Impact of Private Fund Adviser Rule Reforms:** Changes in law or regulations could adversely affect the value of investments held (directly or indirectly) by the Searchlight Funds, affect the ability of the Searchlight Funds to pursue their respective investment strategies, restrict Searchlight's ability to operate as it has in the past, and increase the amount of fees or expenses borne by the Searchlight Funds and the limited partners of the Searchlight Funds indirectly. For example, in August 2023, the SEC adopted significant rules under the Advisers Act concerning certain private fund advisers. These rules include new (i) restrictions and prohibitions on certain conflicted activities (including the charging or allocation of certain fees and expenses to private fund clients); (ii) prohibitions and restrictions on preferential treatment relating to redemption rights and investment information, as well as requirements concerning increased transparency of preferential treatment; (iii) requirements to issue detailed quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation; (iv) enhanced annual audit requirements; and (v) requirements relating to adviser-led secondary transactions. The dates by which advisers will be required to comply with these rules vary depending on the specific provision and by the amount of a private fund adviser's assets under management.

The time and attention as well as the financial costs associated with compliance with these rules, or other rules adopted in the future, could divert Searchlight's resources away from managing the investment programs of the Searchlight Funds, which could adversely affect both the Searchlight Funds and their portfolio companies. Similarly, the cost of new compliance obligations attributable to the Searchlight Funds - such as the costs associated with quarterly reporting or audit requirements - will increase the financial burden on the Searchlight Funds to the extent those costs are treated as Searchlight Fund expenses and could reduce limited partner distributions. Further, the impact of these rules is uncertain and could become subject to increased uncertainty in the event the rules are challenged in court by industry groups or other market participants. Any legal or regulatory uncertainty with respect to these or other rules is likely to result in a diversion of Searchlight's time and resources as well as expose Searchlight to regulatory risk, all of which in turn could negatively impact the Searchlight Funds and their investments.

**Risks Upon Dispositions of Investments:** In connection with the disposition of a portfolio investment, a Searchlight Fund could be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. It could also be required to indemnify the purchasers of such investment to the extent that any such representation turns out to be inaccurate and in connection with such indemnification obligations could be required to holdback certain funds in escrow accounts for a period of time following such disposition. Any such escrowed funds will delay payment to a Searchlight Fund's investors, even if such investors are properly entitled to such amount. These arrangements in certain cases will result in contingent liabilities of a Searchlight Fund, which might ultimately have to be funded by the investors in a Searchlight Fund to the extent that such contingent liabilities exceed the reserves and other assets of a Searchlight Fund and the investors of a Searchlight Fund have received prior distributions from a Searchlight Fund.

**Distributions in Kind:** Although, under normal circumstances, a Searchlight Fund intends to make distributions in cash or in publicly traded securities, it is possible that under certain circumstances (including the liquidation of a Searchlight Fund) distributions could be made in kind and could consist of securities for which there is no readily available public market. In such circumstances, there is a potential conflict of interest between a General Partner (and its beneficial owners) and the relevant Searchlight Fund's investors. For example, the General Partner and its beneficial owners could intend to hold securities distributed in-kind for a different time period than Searchlight deems suitable for the Searchlight Fund.

**Benefit Plan Investors:** Searchlight Funds are generally structured so that their underlying assets will not constitute assets of any plan subject to Title I of ERISA or Section 4975 of the United States Internal Revenue Code of 1986, as amended. This could restrict a Searchlight Fund's activities, preclude it from making certain investments, and require it to take actions that could expose the assets of the Searchlight Fund to claims or liabilities. Failure to structure a Searchlight Fund accordingly could also expose a Searchlight Fund to additional duties and liabilities under ERISA.

**General Tax Considerations:** Searchlight Funds are generally expected to be treated as pass-through vehicles for U.S. federal income tax purposes. Investments in Searchlight Funds give rise to a variety of complex U.S. federal income tax, non-U.S. income tax and other tax issues for both tax-exempt and non tax-exempt investors.

**Cyber Security Incidents and Risks:** Searchlight, each Searchlight Fund, portfolio companies and service providers to Searchlight, rely on the Internet, computer networks, and various software and hardware ("IT Systems") for current and planned and internal and external-facing operations. IT Systems and the confidential information, personal information, financial information, and other proprietary or nonpublic information Searchlight, the Searchlight Funds, each Searchlight Fund's portfolio companies or third-party vendors store, transmit, and otherwise process (collectively, the "Information") are subject to cybersecurity threats, risks and vulnerabilities, including through social engineering/phishing, malware (including ransomware), malfeasance by insiders, human or technological error, and vulnerabilities in software (including malicious code) that is integrated into IT Systems, products or services. While Searchlight has taken steps to protect its IT Systems and Information, threat actors are increasingly sophisticated and using advanced tools and techniques (including artificial intelligence) to circumvent security controls, evade detection and delete forensic evidence, which impacts Searchlight's ability to timely and effectively detect, investigate, mitigate and recover from attacks and incidents. Searchlight also engages third parties to perform various functions, and we cannot control their actions entirely.

We have experienced cyberattacks and security incidents in the past. While such incidents have not resulted, and are not expected to result, in any material impact to our operations or financial results, Searchlight, a Searchlight Fund or a Searchlight Fund's portfolio company could experience cybersecurity incidents in the future that have a material adverse impact on its business or operations. A security incident has the potential to result in significant costs and liability, including legal claims or proceedings, regulatory investigations and enforcement actions, fines and penalties, increased preventative and protective costs, significant incident response, system restoration or remediation and compliance costs, reputational or brand damage, loss of investors, and the loss of liquidity. Any of the foregoing has the potential to materially impact Searchlight's business prospects or financial position, as well as each Searchlight Fund's ability to achieve its investment objectives or conduct its operations. Finally, there is no guarantee that any costs and liabilities will be covered by Searchlight's existing insurance policies or that applicable insurance will be available to Searchlight in the future on economically reasonable terms or at all.

**Business Continuity Plans:** In the event of unforeseen catastrophic events, such as natural disasters, terrorist attacks and epidemics, Searchlight will begin its business continuity plan to safeguard that its employees have the resources and technology necessary to continue their responsibilities and meet portfolio company and investor needs. The business continuity plan is tested to ensure that appropriate measures are put in place to measure any such catastrophic events. Despite such measures, Searchlight cannot predict the level of disruption that such catastrophic events could have on its operation or the ability of the plan to succeed in a time of crisis, and such plans could still result in reduced collaboration

and less ideal communication and supervision relative to traditional office structures which could severely impair Searchlight's, its Funds', and its portfolio companies' business and operations. If personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business will likely be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations if it is the target of such incident or attack. Similar types of operational risks are also present for the portfolio companies in which the Searchlight Funds invest, which could have material adverse consequences for such companies and could cause the Funds' investments to lose value. While Searchlight has limited ability to control these risks at the portfolio-company level, Searchlight will work with portfolio companies to implement their own business continuity plans, where the opportunity arises.

**Systems and Operational Risk:** Searchlight relies on certain financial, accounting, data processing and other operational systems and services that are employed by Searchlight and by third party service providers, including prime brokers, third-party administrators, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems could be subject to certain defects, failures or interruptions. For example, Searchlight and its 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 Searchlight and third-party service providers to safeguard information in these systems, Searchlight, clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which could 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 could lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

**Investments with Co-Investors:** Searchlight Funds are permitted to co-invest in one or more investments with strategic investors, lenders, limited partners (or affiliates thereof) and/or other third parties through joint ventures or other entities, which parties in certain cases have different interests or superior rights to those of the Searchlight Funds. There is no assurance that the Searchlight Funds will have control rights over certain of its investments and, therefore, the Searchlight Funds could have a limited ability to protect its position therein. In addition, the Searchlight Funds' investments will be subject to typical risks in connection with third-party involvement, including the possibility that a third-party has financial difficulties resulting in a negative impact on such investment, has economic or business interests or goals that are inconsistent with those of the Searchlight Funds, or be in a position to take (or block) action in a manner contrary to the Searchlight Funds' investment objectives. The Searchlight Funds could also in certain circumstances be liable for the actions of its third-party partners or co-investors. Investments made with third parties in joint ventures or other entities could involve carried interests or fees payable to such third-party partners or co-investors, thereby reducing the distributions to the Searchlight Funds. In certain but not all cases, such co-investments will occur on different terms and conditions than those of the Searchlight Funds, and such different terms could be disadvantageous to the Searchlight Funds or to any investor participating directly or indirectly therein.

**Diverse Investor Group:** Searchlight Fund investors could have investment, tax or other interests that compete with or conflict with the interests of one or more of the Searchlight Funds, other investors in the Searchlight Funds, and/or the portfolio companies. Investors could also be service providers to or counterparties of the Searchlight Funds and their portfolio companies. The General Partners manage the Searchlight Funds based on the particular Searchlight Fund's overall investment objectives, not the

objectives of individual investors. Conflicts of interest could arise in connection with decisions made by the General Partners, including with respect to the nature or structuring of investments or dispositions, that could be more beneficial for one investor, Searchlight Fund and/or portfolio company than for another investor, Searchlight Fund and/or portfolio company.

**Banking System Volatility:** The U.S. banking system has experienced, and likely will continue to experience, significant volatility. In the event of failure of any of the financial institutions where Searchlight, any General Partners, the Searchlight Funds, a portfolio company or service providers maintains its respective cash and cash equivalents, there can be no assurance that each would be able to access uninsured funds in a timely manner or at all. Any inability to access, or delay in accessing these funds could adversely affect the business and financial position of Searchlight, any General Partners, the Searchlight Funds, a portfolio company or service provider. Any additional closures that could occur within the banking system, could increase Searchlight's, the General Partners' and the Searchlight Funds' costs, negatively impact the Searchlight Funds' ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert Searchlight's time, attention and resources away from the pursuit of the Searchlight Funds' investment strategy. Furthermore, these closures, and any additional closures that could occur within the banking system, have the potential to also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and their major customers that rely on such bank relationships. Depending on developments, regulatory guidance and timing, such events could exacerbate the normal risks associated with the Searchlight Funds and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. Furthermore, such events could lead to financial system and participant regulatory reform, and such increased regulatory oversight could impose additional administrative burden on Searchlight, the General Partners and the Searchlight Funds.

**NAV-Backed Borrowing:** Each Searchlight Fund is permitted to enter into net asset value ("NAV") or other asset-backed facilities, hybrid facilities, working capital facilities or other facilities or indebtedness to leverage investments, and any such facilities or indebtedness, could be collateralized by investments or assets of the Searchlight Fund on a joint and several and cross-collateralized basis and could be cross-collateralized with the investments and assets of parallel funds, or subsidiary or other investment vehicle of the Searchlight Fund, or with the investments or assets of other affiliates and such entities could be held jointly and severally liable for the full amount of the obligations arising out of such borrowings. Accordingly, the Searchlight Fund is permitted to pledge or charge its assets (including its commitments) in order to borrow additional funds or otherwise obtain leverage for investments or other purposes (including in support of the obligations of parallel funds, or subsidiary or other investment vehicle of the Searchlight Fund or with the investments or of other affiliates). Searchlight will determine each Searchlight Fund's use of proceeds from such facilities, and Searchlight's decision on how to utilize the proceeds of such facilities has the potential to impact the performance of each such Searchlight Fund.

With respect to any NAV or other asset-backed facility entered into by a Searchlight Fund (or an affiliate thereof), a decrease in the value of such Searchlight Fund's investments has the potential to result in the possibility of a violation of certain financial covenants under such facilities that require the Searchlight Fund to repay certain or all of the borrowed funds to the lender. In such event, subject to any limitations set forth in such Searchlight Fund's governing document, Searchlight has the authority in its sole discretion to require the limited partners of such Searchlight Fund to make additional capital contributions in respect

of such borrowings or to cause such Searchlight Fund to dispose of certain investments or assets to repay such borrowings.

**Access to Deposits:** Searchlight maintains the majority of its and the Searchlight Funds' cash and cash equivalents in accounts with major U.S. and financial institutions, and the deposits at these institutions often will exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where Searchlight maintains its and the Searchlight Funds' cash and cash equivalents, there can be no assurance that Searchlight would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect Searchlight's or the Funds' business and financial position.

**Conflicts of Interest:** There will be occasions when Searchlight and its affiliates encounter potential conflicts of interest in connection with Searchlight Funds. Such conflicts could include, but are not limited to, the following:

- The existence of "carried interest," which is discussed further in Item 6 above.
- A General Partner is permitted to engage in transactions on behalf of a Searchlight Fund with Searchlight or its affiliates (for example, Searchlight or its affiliates could receive certain fees for services rendered to, or in connection with, a particular investment).
- Searchlight, a General Partner or one or more of its affiliates is permitted to elect to co-invest alongside the Searchlight Fund's or offer co-investment opportunities to third parties, including other investors who have preexisting investments with other Searchlight Funds or Searchlight affiliates on different terms.
- Searchlight personnel generally devote time to multiple Searchlight Funds, Searchlight investment vehicles and activities of other Searchlight affiliates, and certain other permitted activities as further described in the governing agreement of the applicable Searchlight Fund.
- Searchlight Funds are permitted to engage in certain affiliated or interested transactions, as further discussed in Item 11 below.
- As further discussed in Item 10.C below, Searchlight could be presented from time to time with investment opportunities that meet the investment objectives of one or more Searchlight Funds and/or other Searchlight-advised investment vehicles.

Conflicts of interest, and the methods Searchlight and its supervised persons utilize to address these conflicts, are generally disclosed to investors in each applicable Searchlight Fund's governing agreements before they invest.

To address conflicts of interest such as those described above, Searchlight investment professionals prepare an investment memorandum for each new investment opportunity or other transaction. Searchlight's Chief Compliance Officer reviews these investment memoranda. If the Chief Compliance Officer identifies any actual or potential conflicts of interest, the Chief Compliance Officer reviews the actual or potential conflicts with the Principal and outside legal counsel, if deemed appropriate, in order to recommend courses of action to the Principals to seek to mitigate such conflicts of interest.

In addition, the governing agreements for the Searchlight Funds generally contain specified procedures to address certain conflicts of interests. These procedures could include (i) requiring a General Partner to take certain actions to mitigate the conflict of interest, or (ii) referring a conflict of interest transaction to a Searchlight Fund's Advisory Board for approval. A Searchlight Fund's Advisory Board is typically comprised of representatives of investors in the applicable Searchlight Fund and is typically authorized to grant consents on behalf of the Searchlight Fund. The Partnership Agreements of the Searchlight Funds provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary or other duties to the Searchlight Funds or any other partner, other than to act in good faith. In addition, representatives of the Advisory Board could have various business and other relationships with Searchlight and its partners, employees and affiliates which influence their decisions as members of the Advisory Board. The members of the Advisory Board of a Searchlight Fund disproportionately represent one or more of the entities or categories of limited partners comprising such Searchlight Fund. In addition, the composition of a Searchlight Fund advisory committee could have substantial overlap with the composition of an advisory committee for another Searchlight Fund which could lead to conflicts of interest if there are transactions between such Searchlight Funds that require advisory committee approval.

**C. *Recommendations of Particular Securities***

Please see Items 8.A and 8.B for risks associated with investments in the Searchlight Funds. In addition, prospective investors in Searchlight Funds are provided with more detailed information about risks before they invest in any Searchlight Fund in the private offering materials and governing agreements for such Searchlight Fund.

**ITEM 9 - DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that would be material to a client's or prospective client's evaluation of Searchlight's advisory business or the integrity of its management.

**ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. *Broker-Dealers***

Neither Searchlight nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. *Futures and Commodity Trading***

Neither Searchlight nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C. *Material Relationships***

Searchlight, the General Partners (which are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to Searchlight's registration) and their respective affiliates operate as a single advisory business and serve as managers or general partners to the Searchlight Funds to make investments in portfolio companies as described in Items 4 and 8. These affiliated investment advisers share common owners, officers, partners, employees, consultants or persons occupying similar

positions. All of these advisers are subject to Searchlight’s Code of Ethics (as defined below) and compliance programs adopted pursuant to the requirements of the Advisers Act. The applicable relationships and related management or other fees relevant to such investment advisers are disclosed in the private offering materials in connection with the launch of each Searchlight Fund.

Searchlight seeks to allocate investment opportunities among the Searchlight Funds in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, risk tolerance, return targets, permissible and preferred asset classes and liquidity needs of each Searchlight Fund. In addition, certain Searchlight Fund governing agreements prescribe additional requirements for the allocation of investment opportunities, which will be disclosed to investors prior to their investment in such Searchlight Fund. Under no circumstances is Searchlight or any affiliate permitted to allocate investment opportunities based on anticipated compensation or profits to Searchlight, the General Partner, any affiliates or their respective employees. Each Searchlight Fund has its own investment guidelines, charter and organizational documents that are taken into account when making investment allocation determinations.

Each of the General Partners are related persons to Searchlight. The General Partners are directly or indirectly controlled by the same individuals who also indirectly control Searchlight. As previously described, because the General Partners is permitted to receive a “carried interest” or performance fee, there could be an incentive for the General Partner and Searchlight to make riskier or more speculative investments on behalf of the Searchlight Funds than would be the case in the absence of these arrangements. These potential conflicts of interest are addressed in the manner described in Item 11.

As noted in Item 6 “Performance-Based Fees and Side by Side Management”, Searchlight and its affiliates are permitted to raise co-investment funds or establish co-investment vehicles, and the existence of, and participation by Searchlight and its affiliates in, such funds and vehicles could create conflicts of interest.

#### ***D. Recommendation or Selection of Other Investment Advisers***

Searchlight does not recommend or select other investment advisers for its clients, nor does it receive compensation directly or indirectly from any such advisers.

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

#### ***A. Code of Ethics***

Searchlight has implemented a code of ethics (the “Code of Ethics”) which includes guidelines, policies and procedures to avoid any appearance of impropriety and remain in full compliance with applicable U.S. federal securities laws, the applicable securities laws of any other applicable jurisdiction and the highest standards of ethics. The Code of Ethics addresses, amongst other items, the detailed policies to mitigate insider trading and conflicts of interest. Searchlight will provide a copy of its Code of Ethics to any client or prospective client upon request.

In general, the Code of Ethics requires Searchlight’s employees to:

- Place the interests of the Searchlight Funds above any personal interests;

- Seek to identify conflicts of interest and observe established resolution procedures as contemplated in the Code of Ethics and Searchlight's Compliance Manual;
- Avoid misleading or inaccurate statements that could be attributed to Searchlight;
- Conduct personal securities transactions in a manner consistent with Searchlight's Code of Ethics (including pre-clearance (if applicable) and reporting of transactions by all "access persons" to the extent described therein);
- Report any violations of Searchlight's Code of Ethics, or Searchlight's Compliance Manual generally, to its Chief Compliance Officer; and
- Comply with Searchlight's Code of Ethics, its Compliance Manual, and applicable provisions of the federal securities laws as well as any other laws applicable to Searchlight.

See Items 11.C and 11.D below for further details regarding Searchlight's Code of Ethics.

Searchlight's policies and procedures for addressing conflicts of interest generally are also described in more detail at Item 8 above.

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

Searchlight provides ongoing portfolio management services for the Searchlight Funds. Searchlight's investment professionals are responsible for monitoring and managing each respective Searchlight Fund's investment portfolio in accordance with the particular Searchlight Fund's investment objectives, limitations, and guidelines, and as set forth in the Searchlight Fund's governing agreements. In addition, the General Partners and their respective affiliates typically invest in each Searchlight Fund or alongside each Searchlight Fund in connection with making of portfolio investments.

Searchlight is subject to restrictions disclosed to investors in the applicable Searchlight Fund offering materials and governing agreements relating to principal transactions, cross trades and other affiliated transactions, in which Searchlight or its affiliates or employees have interests that are adverse to, or in any event potentially not aligned with, the interests of one or more of the Searchlight Funds.

The governing agreement of each Searchlight Fund will generally prohibit affiliated transactions with certain limited exceptions without the prior approval of either the Advisory Board of the applicable Searchlight Fund or the investors of the applicable Searchlight Fund. A Searchlight Fund is permitted to enter into an affiliated transaction if the transaction complies with the governing agreement of the particular Searchlight Fund and if the Searchlight Fund consults with the Chief Compliance Officer (and, if appropriate, outside legal counsel) prior to entering into such transaction.

To address any potential conflicts of interest, Searchlight investment professionals prepare an investment memorandum for each new investment opportunity or other transaction. The Chief Compliance Officer, together with the Principals, reviews these investment memoranda. If the Chief Compliance Officer identifies any actual or potential conflicts of interest, the Chief Compliance Officer reviews the actual or potential conflicts with the Principals and/or outside legal counsel, if deemed appropriate, in order to recommend courses of action to the Principals. The Principals will then determine the specific actions to be taken in accordance with the Code of Ethics and the governing agreements of the applicable Searchlight Fund.



Searchlight serves as investment manager to certain co-invest vehicles that invest alongside the Funds in certain portfolio companies. Such co-investment vehicles generally acquire and dispose of their investments at the same time and on the same terms as the Funds, subject to any applicable limitations in the governing agreement of the applicable Fund. However, from time to time, for strategic and other reasons, a co-investment vehicle is permitted to purchase a portion of an investment from the Fund after such Fund has consummated its investment in the portfolio company. Any such purchase from the Fund by a co-investment vehicle generally would occur shortly after the Fund's completion of the investment (also known as a post-closing sell down or transfer) to avoid any changes in the valuation of the investment. The participants in the co-investment vehicle (other than the Funds) could be charged interest on the purchase to compensate the applicable Funds for the applicable holding period. If a potential investment or co-investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment will typically be borne entirely by the primary Fund or Funds allocated such investment rather than the co-invest vehicle or other co-investor. In addition, investors that participate in co-investments could be in a position to obtain additional information about a portfolio company that is not available to a PE Fund or Opportunities Fund investor.

Searchlight may permit a General Partner, one or more of its affiliates, its personnel or any third parties, including other investors who have preexisting investments with other Searchlight Funds or Searchlight affiliates on different terms, to participate in the co-investment vehicles or, in certain cases, co-invest directly in a particular portfolio company. Generally, Searchlight will select which investors or other persons are permitted to co-invest based on various factors, including (but not limited to) the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis, the investor's expression of interest or right to co-invest granted by such investor's side letter arrangement, potential strategic benefit to the portfolio company if such investor participates, and any other reason for including such investor or person determined by Searchlight in its sole discretion. Co-investment opportunities typically will be offered to some and not to other Searchlight Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Searchlight's exercise of discretion in allocating investment opportunities may not, and often will not, result in proportional allocations among investors that have expressed interest in co-invest opportunities, and such allocations will likely be more or less advantageous to some such investors relative to other such investors.

In circumstances where an entire investment could be made by a Searchlight Fund, Searchlight is still permitted to allocate a portion of such investment to one or more co-invest vehicles in accordance with such Fund's governing agreement and Searchlight's allocation policy. Searchlight's allocation of investment opportunities often will not result in proportional allocations, and such allocations likely will be more or less advantageous to some such persons relative to others. While Searchlight will allocate investment opportunities in a manner that it believes is fair and equitable under the circumstances over time and considering relevant factors, Searchlight Funds will, in certain cases, involve different terms and fee structures, which could incentivize Searchlight and its affiliates to make more (or less) of such investment opportunities available to a Searchlight Fund and/or such Searchlight Funds and result in conflicts of interest in respect of the managing and monitoring of such investments and evaluating and executing on disposition opportunities. Accordingly, Searchlight cannot assure equal treatment across the Searchlight Funds, and there can be no assurance that a Searchlight Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Searchlight expects to be subject, discussed herein, did not exist.

Searchlight frequently has and could in the future make investments on behalf of the Searchlight Funds with the expectation that co-investors will participate in the investment. In the event that Searchlight is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, one or more Searchlight Funds will consequently hold a greater concentration and have a larger exposure in the related investment opportunity than was intended, which could make such Searchlight Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by a Searchlight Fund which is not syndicated to co-investors as anticipated could significantly impact the Searchlight Fund's overall investment returns. A Searchlight Fund will bear the risk that any or all of the excess portion of such investment could only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Searchlight Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Searchlight Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs, and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. Moreover, an investment by a Searchlight Fund which is not syndicated to co-investors as anticipated could significantly impact the Searchlight Fund's overall investment returns.

### ***C. Personal Trading***

Conflicts of interest could arise between a Searchlight Fund and Searchlight when Searchlight or a related person invests in the same securities that it recommends to Searchlight Funds, or has another interest in a transaction that is, or could be, in conflict with the interest of any of the Searchlight Funds.

Searchlight employees could have personal conflicts of interest, such as (i) a material interest in a transaction to be entered into with or for a Searchlight Fund, (ii) a relationship that gives or could give rise to a conflict of interest in relation to a transaction, or (iii) another interest in a transaction that is, or could be, in conflict with the interest of any Searchlight Funds.

From time to time, certain principals and employees of the Searchlight Funds invest in other private equity investment vehicles (including single investor co-investments) managed by other investment advisers. In some cases, the Searchlight Funds are permitted to purchase portfolio companies that are owned by such other investment vehicles and which directly or indirectly benefit any principals or employees of Searchlight.

To address these conflicts, Searchlight's Code of Ethics (discussed in Item 11.A above) requires, among other things, that each Searchlight employee submit to the Chief Compliance Officer a report of his or her current holdings of certain securities described in the Code Ethics. Each Searchlight employee must update this report annually. In addition, Searchlight employees must submit to the Chief Compliance Officer quarterly reports of transactions involving certain securities described in the Code Ethics.

The Code of Ethics also requires that all Searchlight employees obtain the approval of the Chief Compliance Officer before participating in certain initial public offerings or private transactions (e.g., private placements and limited offerings). The Chief Compliance Officer reviews such reports and monitors employees' personal securities trading for unusual or excessive trading patterns.

***D. Personal Trading Contemporaneous with Client Transactions***

Conflicts of interest could arise when Searchlight (or a related person) or its employees buy or sell securities for client accounts at or about the same time as it buys or sells the same securities for its own account. In these situations, Searchlight addresses actual or potential conflicts of interest in the manner outlined in Items 11.B and 11.C above.

Employees are generally not permitted to buy or sell any security (or cause another person to do so) if the employee is in possession of "material" non-public information relating to the issuer or the transaction. Employees also are not permitted to disclose this information to a third party to use in securities transactions. In general, "material" information means information that would reasonably affect, or have a significant impact on, an investor's decision to buy or sell a security, or information that would have been viewed by a reasonable investor as having significantly altered the "total mix" of information available.

Since Searchlight and/or its affiliates are permitted to be reimbursed for certain compensation and other fees and expenses that relate to the employment of certain expected portfolio company employees (as described under Item 5 "Fees and Compensation"), they could have a conflict of interest in connection with the applicable Fund's initial investment in such portfolio company and the resulting reimbursement of such amounts. In addition, as a result of the Searchlight Funds' interests in certain portfolio companies, Searchlight and its affiliates could have the right (i) to appoint, or to influence the appointment of, board members to such portfolio companies, (ii) to retain, or influence the retention of, certain persons to serve as employees or independent consultants (including consultants introduced or arranged by Searchlight and/or its affiliates that regularly provide services to one or more Fund portfolio companies) of a portfolio company and (iii) to determine or influence a determination of the compensation for such board member, employee or consultant. In addition, compensation and fees paid to such consultants or expense reimbursements received by such persons from portfolio companies (or from a Searchlight Fund to the extent not paid or reimbursed by a portfolio company) will not offset the Management Fee or priority profit share as described herein.

***E. Other Potential Conflicts of Interest***

Additionally, the Searchlight Funds are permitted to invest in the same projects or portfolio companies with other Searchlight Funds, subject to limitations set forth in the applicable Partnership Agreements. Such investments could, in limited circumstances, be in different parts of the capital structure of a company in which one or more Searchlight Funds have an investment in a debt and/or equity tranche. Consequently, given the differing tranches and corresponding priorities in the capital structure of a single company, Searchlight and its personnel could in certain circumstances face a conflict of interest in respect of the advice they have given to, and the actions they take on behalf of, the Searchlight Funds. In addition, where one or more Searchlight Fund invest in different parts of the capital structure, their respective interests could diverge significantly in the case of financial distress of the company. Searchlight will determine allocations of investment opportunities in a manner that they believe is fair and equitable to the Searchlight Funds consistent with Searchlight's obligations to each such Searchlight Fund, including as

set forth in the Partnership Agreement and Searchlight's allocation policy. Where necessary, Searchlight consults and receive consent to conflicts from the Advisory Board of the Searchlight Fund or Funds subject to any conflict of interest.

A Searchlight Fund has invested and could in the future invest in a company that competes with, or could be perceived to compete with, is a customer of, or a service provider or supplier to a portfolio company of another Searchlight Fund. In addition, as noted above, principals and employees of Searchlight serve as directors and officers of companies that are competitors of, or could be perceived to be competitors of, portfolio companies of certain Searchlight Funds. These circumstances could give rise to certain conflicts of interest. First, another Searchlight Fund or its portfolio company could take actions for commercial reasons that have adverse consequences for a Searchlight Fund or its portfolio company, such as seeking to increase market share, withdrawing business in favor of a competitor, or commencing litigation. Secondly, Searchlight could obtain information while investigating investment opportunities or dealing with existing portfolio companies that it is prohibited from acting on or disclosing to anyone, including another Searchlight Fund or any portfolio company, as a result of confidentiality requirements or applicable law, regardless of whether acting on or disclosing such information would be in the interest of any Searchlight Fund or portfolio company.

Searchlight expects, from time to time, for certain reasons, including efficiency considerations, to outsource certain services in whole or in part to third parties at the discretion of Searchlight in connection with the operation of a Searchlight Fund. Such outsourced services could include, without limitation, accounting, tax, compliance, trade settlement, information technology or legal services. Such services could be outsourced to individuals who are not employees or affiliates of Searchlight but are consultants who work with Searchlight on an exclusive or partly-exclusive basis. The decision by Searchlight to initially perform particular services in house for a Searchlight Fund will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties, and Searchlight has no obligation to inform a Searchlight Fund of such a change. Searchlight expects, from time to time, to engage service providers or other third-party consultants in connection with a Searchlight Fund's investment processes.

Former employees of Searchlight could become employees, officers or directors of, or otherwise engaged by, portfolio companies of other Searchlight Funds. Current employees of Searchlight could also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies and similar arrangements, have previously been implemented with respect to portfolio investments of other Searchlight Funds. Those companies will often pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options or other compensation and incentives and reimburse such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. Searchlight can also elect to advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by Searchlight to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though a management fee paid to a Searchlight will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by Searchlight or such affiliate and reimbursed by a portfolio company) will not be treated as fees and will not be offset against the management fees otherwise payable to Searchlight. All or a portion of any such compensation and incentives will be borne by a Searchlight Fund, directly or indirectly, via its ownership interest in such portfolio company. In certain instances, whether an individual who provides services to a portfolio company should be characterized as a consultant, an employee or former employee of Searchlight or one of its affiliates, or a seconded

employee could be unclear. In such cases, Searchlight will make a determination in its discretion based on its evaluation of the relevant facts and circumstances.

Additionally, Searchlight and the Searchlight Funds regularly obtain confidential information regarding various target companies and other investment opportunities. Confidential information received by any member of the Searchlight investment team is imputed to all other investment professionals unless an information barrier is in place. If Searchlight or a Searchlight Fund receives confidential information with respect to a company, the other Searchlight Funds therefore could face certain restrictions on their ability to pursue a transaction with that company or dispose of an investment. Furthermore, from time to time the confidentiality agreements entered into on behalf of the Searchlight Funds could include provisions that prevent the Searchlight Funds from acquiring or disposing of certain investments, potentially for extended periods (i.e., “standstill” provisions).

The portfolio companies of certain Searchlight Funds could also be counterparties to or participants in agreements, transactions or other arrangements with portfolio companies of other Searchlight Funds that, although Searchlight determines to be consistent with the requirements of such Searchlight Funds’ governing agreements, have not otherwise been entered into but for the affiliation with Searchlight.

The Searchlight Funds are permitted to fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings (for example, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line) will be borne by the relevant Searchlight Fund and, accordingly, will decrease net returns and total distributable profits of such Searchlight Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Searchlight Fund. In light of the foregoing, Searchlight has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund. Additionally, calling a large amount of capital at once to repay amounts under a subscription line could cause liquidity concerns for investors that would not arise had smaller amounts of capital been called incrementally over time.

To the extent a Searchlight Fund uses its subscription line to make an investment and then subsequently sells down a portion of such investment to one or more co-investors, such co-investors generally will reimburse the Searchlight Fund for their pro-rata borrowing amount and related interest expense associated with its purchased interest, but such co-investors generally will not reimburse the Searchlight Fund for any other expenses associated with the subscription line (including, without limitation, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line).

Even though it presents many of the same risks as fund-level borrowing, indebtedness of entities other than a Searchlight Fund will not be treated as fund-level borrowing for purposes of the governing documents, even if the special purpose vehicles or other entities incurring such leverage engage in borrowings that are cross-collateralized with or among multiple investments such that multiple investments and a substantial portion of a Searchlight Fund’s value are at risk. As a result, these borrowings will not be subject to any limitations on fund-level borrowing in the governing documents. Since Searchlight has more flexibility to engage in these structures, Searchlight is incentivized to incur significant leverage at the level of holding companies beneath a Searchlight Fund. The negative

performance of one asset has the potential to materially and adversely impact the performance of other investments or a Searchlight Fund as a whole.

It is expected that employees, officers, directors, agents, managers, members, representatives, partners, investors and shareholders of Searchlight and their affiliates will serve as directors of certain of the portfolio companies and, as such, have duties to persons other than a Searchlight Fund. Although such positions in certain circumstances could be important to a Searchlight Fund's investment strategy and enhance Searchlight's ability to manage investments, they could also have the effect of impairing a Searchlight Fund's ability to sell the related securities when, and upon the terms, it would otherwise desire, and subject Searchlight and the Searchlight Funds 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 Searchlight Funds will indemnify employees, officers, directors, agents, managers, members, representatives, partners, investors and shareholders of Searchlight and its respective affiliates from such claims.

From time to time, certain principals of Searchlight serve as board members of or organize or sponsor one or more special purpose acquisition companies ("SPACs"), either on behalf of Searchlight or separately, for the purposes of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or other similar business combination with one or more businesses. Although such principals of Searchlight will continue to devote their time and attention to the investment activities of the Searchlight Funds, they will have other obligations with respect to the SPACs as board members. In addition, such principals of Searchlight regularly obtain confidential information regarding various target companies and other investment opportunities that would be imputed to Searchlight. Therefore, if any such principal of Searchlight receives confidential information with respect to a company, the Searchlight Funds could face certain restrictions on their ability to pursue a transaction with that company or dispose of an investment.

Searchlight could propose to a Searchlight Fund's investors one or more transactions that would enable such investors to monetize or restructure all or a portion of their interests in a Searchlight Fund, including through the use of a continuation vehicle (each such transaction, a "Secondary Transaction"). The sale of an investment to a continuation vehicle could result in certain investors, the general partner and/or members of the firm (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all investors of such Searchlight Fund and otherwise taking actions with respect to such investments that are different than the actions taken by other investors. We could be subject to other conflicts of interests in connection with a Secondary Transaction, including with respect to investment valuations, allocation of fees and expenses and the offering of investment opportunities to the Searchlight Funds and co-investors.

The offering, governing and related documents of each Searchlight Fund are detailed agreements that establish complex arrangements among Searchlight, the limited partners, the Searchlight Funds, the general partners of such Searchlight Funds and other entities and individuals. From time to time, questions will arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the agreements could have no directly applicable provisions or the applicable provisions could be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. While Searchlight will construe the relevant agreements in good faith and in a manner consistent with its legal obligations, the interpretations adopted will not necessarily be, and need not be, the interpretations that are most favorable to the Searchlight Funds or their investors.

The operating documents of certain Searchlight Funds generally permit Searchlight to withhold information from certain investors in such Searchlight Funds in certain circumstances. For example, information could at times be withheld from limited partners that are subject to the Freedom of Information Act or similar requirements. Searchlight will also from time to time elect to withhold certain information for reasons relating to overall business strategy, despite the potential benefits to limited partners of receiving such information.

Additionally, due in part to the fact that actual and/or potential investors in a Searchlight Fund often ask different questions and request different information, Searchlight has in the past and expects in the future to provide certain information to one or more actual and/or prospective investors that is not necessarily provided to all prospective investors or limited partners in a Searchlight Fund.

Searchlight and its affiliates in certain cases could expand the range of services it provides over time. Except as provided herein and in a Searchlight Fund's private placement memorandum or Partnership Agreement, Searchlight and its affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether such conflicts are described herein.

To the extent a former Searchlight employee becomes employed by a portfolio company, no compensation earned by such former Searchlight employee from such portfolio company will offset the management fee notwithstanding that such former employee has a remaining interest in the relevant Searchlight Fund's General Partner of affiliated entity.

In addition, investments and other activities undertaken by Searchlight could have an effect on the existing investments and/or investment opportunities of a Searchlight Fund. For example, any such investment in a particular industry could limit the ability of a Searchlight Fund to pursue other opportunities within the same or related industries. Portfolio companies in which Searchlight invests are expected to, from time to time, be in the same industry as, and compete with, a Searchlight Fund's portfolio company investments. In such instances, Searchlight will be free, in its discretion, to make recommendations and decisions with respect to the origination or disposition of such investments, independent of the recommendations and decisions made by Searchlight for the Searchlight Funds. All such recommendations and decisions will be made for a Searchlight Fund in a manner that Searchlight deems, based upon its fiduciary duties and contractual obligations, appropriate given the investment objective, liquidity, diversification and other limitations of a Searchlight Fund.

Searchlight or its personnel will, from time to time, come into possession of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Searchlight and its personnel are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Searchlight.

Accordingly, should Searchlight or its principals or employees come into possession of material nonpublic or other confidential information with respect to any public company, Searchlight is prohibited from communicating such information to clients, and Searchlight has no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions will be applicable as a result of Searchlight's personnel serving as directors of public companies and could restrict trading on behalf of clients, including the Searchlight Funds. Due to these restrictions, there is no assurance that a Searchlight Fund will be able to

initiate a transaction that it otherwise would have initiated and/or be able to sell an investment that it otherwise would have sold.

## **ITEM 12 - BROKERAGE PRACTICES**

### ***A. Selection of Broker-Dealers***

Given the nature of the PE Funds' investment program, Searchlight does not usually transact through broker-dealers with respect to investments made by the PE Fund. The Opportunities Funds use broker-dealers in order to transact with respect to certain of its investments. In situations where Searchlight needs to select a broker-dealer, Searchlight will generally consider the broker's execution capabilities, including block positioning, research, financial stability, ability to maintain confidentiality, delivery and ability to obtain best execution for all client securities transactions. Searchlight does not have any agreements in place that require that Searchlight give any specified amount of brokerage to any broker-dealer.

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

In practice, the investment program of the Searchlight Funds managed by Searchlight typically does not include substantial investments in publicly traded securities. As a result, it is Searchlight's policy not to enter into soft dollar arrangements or to accept soft dollars.

#### **2. Brokerage for Client Referrals**

Searchlight does not consider whether it or a related person receives client referrals from a broker-dealer or a third party when selecting or recommending broker-dealers.

#### **3. Directed Brokerage**

Given that Searchlight or its affiliates generally maintain investment discretion on behalf of the Searchlight Funds, Searchlight can generally require the Searchlight Funds to use a specified broker-dealer.

### ***B. Aggregation of Orders of Securities for Client Accounts***

Although the investments of the Searchlight Funds do not generally require the services of a broker-dealer, Searchlight could seek to aggregate orders of securities for the accounts of the Searchlight Funds where practicable.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### ***A. Periodic Review of Client Accounts***

The portfolio investments of the Searchlight Funds are reviewed by the Principals and Searchlight's other investment professionals on a quarterly basis. These investment professionals monitor operations, overall performance, financial performance and strategic direction of each portfolio investment owned by the Searchlight Funds. Searchlight's investment professionals also perform periodic comprehensive reviews. In addition, the Principals and the other investment professionals of Searchlight meet on a regular basis. In connection with their regular meetings, the Principals and the other investment professionals will, among other things, (i) review market events and their effect on investments; (ii)



discuss investment ideas, economic developments, current events, investment strategies and issues related to portfolio companies; (iii) review the operations, financial condition and other matters regarding the portfolio companies; (iv) consider any departures from applicable investment guidelines; and (v) assess any proposed investments or divestments, in whole or in part, of any portfolio companies. The offering materials for each Searchlight Fund contain additional specific descriptions of the oversight and monitoring of the portfolio investments of such Searchlight Fund.

***B. Factors that Trigger a Review of Client Accounts***

Searchlight investment professionals review the portfolio investments of Searchlight Funds on a periodic basis as described above. There are no specific triggers to launch a portfolio review.

***C. Reports to Clients Regarding Their Accounts***

Searchlight delivers written financial reports to the investors in Searchlight Funds on a quarterly basis. These reports include information relevant to the Searchlight Fund's investments (and each investor's investment in such Searchlight Fund). In addition, the investors in Searchlight Funds receive written audited annual financial statements of the applicable Searchlight Fund.

In addition to the information typically provided to all investors, Searchlight will in certain circumstances provide certain investors with additional information with respect to the Searchlight Fund or a portfolio company or more frequent reports that other investors will not necessarily receive.

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

***A. Client Referrals***

Searchlight does not accept economic benefits from a person who is not a client for providing investment advice or other advisory services to the Searchlight Funds. Searchlight or its affiliates are permitted to receive directors' fees, monitoring fees, transaction fees, topping and break-up fees, advisory fees, organizational fees or other fees in connection with portfolio investments or prospective portfolio investments of a Searchlight Fund. Typically, a portion of the Management Fees payable by each investor in a Searchlight Fund will be reduced (but not below zero) by its pro rata share of other fees received by Searchlight or its affiliates in connection with portfolio investments or prospective portfolio investments of a Searchlight Fund, subject to reimbursement first of the General Partners or their respective affiliates for any balance of unreimbursed Fund expenses paid by the General Partner or such affiliates. Offsets are applied after taking into account any Management Fee waiver. Searchlight could have a conflict of interest to the extent, for example, it is incentivized to make an investment to earn a transaction fee or provide a service to a particular portfolio company to earn a director or monitoring fee. However, Searchlight believes that this potential conflict of interest is mitigated by the Management Fee offset mechanic described above and the substantial equity commitment by Searchlight and the Principals. Senior Advisors are not affiliates of Searchlight. Vehicles that do not pay Management Fees do not receive the benefit of such offset provisions or otherwise share in such fee income.

***B. Compensation for Client Referrals***

Searchlight and its related persons do not directly or indirectly compensate any person who is not a supervised person for client referrals. Searchlight or its affiliates are permitted, from time to time, enter into arrangements in which persons who are not supervised persons (such as placement agents,

introducers or financial advisors) assist in the capital-raising efforts of a Searchlight Fund in exchange for a fee. The fee paid, if any, to such persons could be calculated as a fee equivalent to a percentage of the referred investor's commitments or total commitments with respect to an applicable Searchlight Fund, with threshold requirements as applicable. These relationships could affect the independence of such person in connection with their recommendations of a particular Searchlight Fund. In the event any placement agent, introducer or other advisor is engaged in respect of a Searchlight Fund, prospective investors should also note that at various times such placement agent, introducer or other advisor will likely act as placement agent, introducer or advisor for other fund sponsors and funds, including fund sponsors and funds that are not affiliated with Searchlight or its affiliates, including those which offer interests that are similar to the Searchlight Funds' interests. Such unaffiliated fund sponsors could pay placement or introducer fees on terms different from the fees placement agents or introducers could receive in respect of a Searchlight Fund, and such differences in fees can influence a placement agent's and/or introducer's decision to introduce prospective investors to a Searchlight Fund. Furthermore, a placement agent, introducer or other advisor can seek to do business with and earn fees or commissions from portfolio companies of a Searchlight Fund and affiliates of Searchlight (e.g., in connection with financing or investment banking services, or lending or arranging credit). Accordingly, prospective investors should recognize that each placement agent's participation as a placement agent or an introducer's participation as an introducer for the interests and each other advisor's participation as an advisor to the general partner or Searchlight can be influenced by its interest in such current or future fees and commissions. Prospective investors should also be aware that affiliates or employees of a placement agent, introducer or other advisor could invest in a Searchlight Fund on their own behalf and/or on behalf of their clients. Neither Searchlight nor its affiliates engage any placement agent, introducer or finder that is not registered as a broker-dealer with the SEC and a member of FINRA (or, if applicable, corresponding non-U.S. authorities). These types of arrangements are disclosed in the relevant Searchlight Fund offering materials.

#### **ITEM 15 - CUSTODY**

To the extent required by SEC rules and guidance, Searchlight maintains any client funds and securities with "qualified custodians."

For those Searchlight Funds for which Searchlight is deemed to have custody of client assets within the meaning of the Advisers Act, such Searchlight Funds are audited and the investors in such Searchlight Funds receive audited financial statements within 120 days of the end of each fiscal year. Consequently, such clients (as well as investors therein) will not receive reports directly from Searchlight's "qualified custodian."

#### **ITEM 16 - INVESTMENT DISCRETION**

Searchlight has discretionary authority to manage the investment portfolios of each of the Searchlight Funds. This authority is limited by each Searchlight Fund's governing agreements and investment guidelines, as specifically negotiated between Searchlight and Searchlight Fund investors. For additional discussion of limitations clients could impose on investing in certain investments or types of investments, see Item 4.C above.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### ***A. Authority to Vote Client Securities***

Searchlight has policies and procedures that Searchlight believes are reasonably designed to ensure that proxies are voted in the best interests of Searchlight Funds and to recognize and resolve any material conflicts of interest that could arise in the course of such voting. The general policy of Searchlight is to vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) relating to Searchlight Funds in a manner that serves the best interest of the Searchlight Fund, as determined by Searchlight in its discretion, and Searchlight’s Code of Ethics, taking into account relevant factors, such as (but not limited to) the impact on the value of the returns of the relevant Searchlight Fund and industry and business practice.

If Searchlight determines that it has, or could be perceived to have, a conflict of interest when voting a proxy, Searchlight will take action in accordance with the governing agreements of the applicable Searchlight Fund or as otherwise determined by Searchlight to be in the best interest of the Searchlight Fund in voting such proxy.

The Chief Compliance Officer is responsible for identifying any potential conflict of interest for each proxy, and reporting this information to the managing members of Searchlight. The managing members of Searchlight are responsible for determining how to vote such proxies and whether to confer with the advisory committee of an applicable Searchlight Fund before voting.

The Chief Compliance Officer is responsible for monitoring compliance with Searchlight’s proxy voting policies and procedures. The Chief Compliance Officer will also maintain, or have available, written or electronic copies of each proxy statement received and of each executed proxy, as well as all applicable records relating to each proxy. Additional information about Searchlight’s proxy voting policies and procedures can be obtained from the Chief Compliance Officer. A copy of Searchlight’s voting policy will be provided to any client, prospective client or any investor in a Searchlight Fund upon request to [compliance@searchlightcap.com](mailto:compliance@searchlightcap.com). Information regarding how Searchlight voted proxies for specific portfolio companies or investments will be provided to any client, prospective client or investor in the Searchlight Funds upon request.

Because Searchlight has authority to vote client securities, Item 17.B of Form ADV Part 2A (addressing considerations if an adviser does not have authority to vote client securities) has been omitted.

## **ITEM 18 - FINANCIAL INFORMATION**

Searchlight does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the brochure. Searchlight has not been the subject of any bankruptcy petition.