

## Item 1. Cover Page



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Part 2A of Form ADV: Investment Adviser Brochure

March 28, 2024

**This Form ADV Part 2A (“Brochure”) provides information about the qualifications and business practices of Rose Park Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at [info@roseparkadvisors.com](mailto:info@roseparkadvisors.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 authority.**

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

**Additional information about Rose Park Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2.       Material Changes**

Rose Park Advisors, LLC is required to identify and discuss any material changes made to this Brochure since its last other-than-annual amendment on October 23, 2023. The amendments to the Brochure include updates to: (i) add language related to performance-based fees to Item 6; (ii) expanded on types of clients in Item 7; (iii) Item 8 related to investment strategies; (iv) risk factor disclosures in Item 8; and (v) conflicts of interest disclosure in Item 11.

In addition, please be aware that certain non-material changes were made to the Brochure, such as general updates to various disclosures, which Rose Park Advisors, LLC recommends that you read in its entirety.

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

For purposes of this Brochure, the “Adviser” or the “Firm” means Rose Park Advisors, LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive Management Fees from the Funds (each as defined below). Such affiliates may or may not be under common control with the Adviser, but possess a substantial identity of personnel and/or equity owners with the Adviser. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below), and/or may serve as General Partners (as defined below) of the Funds.

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

The Funds make primarily private company investments in accordance with the Funds’ respective investment objectives and pursuant to each Fund’s Advisory Agreement(s) (as defined below). The Funds consist of investment vehicles that pursue investments (i) in companies that are considered as disruptive through the application of the frameworks of disruptive innovation (“DI Funds”) and (ii) in early-stage consumer companies in North America (“CGP Funds”), which are discussed in more detail in Item 8 herein. Each of the DI Funds and CGP Funds are included within the definition of “Funds” above.

The Adviser’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of such investments. The Adviser will serve as the investment adviser to the Funds in order to provide such services. In addition, one or more affiliates of the Adviser will serve as General Partners (each a “General Partner”) of the Funds.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous document) of such Fund as well as any separate investment and advisory, investment management, or portfolio management agreements (each, an “Advisory Agreement”), the relevant private placement memoranda or other offering documents (each, a “PPM”), side letters or any other operating agreements of the Funds (collectively, together with any relevant Advisory Agreement and PPM, the “Organizational Documents”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund. Investment restrictions for the Funds are generally established in the organizational or offering documents of the applicable Fund and/or side letter agreements negotiated with investors in the applicable Fund.

Investors are urged to review the relevant the Advisory Agreements with the Funds and/or Organizational Documents of the applicable Fund for additional information about matters addressed in this and other items throughout this Brochure.

The founders and principal owners of Rose Park Advisors, LLC are Matthew Christensen and Clayton Christensen. Clayton Christensen passed away on January 23, 2020, and the disposition of the portion of Rose Park Advisors, LLC that he owned has been retitled to Clayton M. Christensen Family Trust. The Adviser has been in business since 2007. As of December 31, 2023, the Adviser had approximately \$630,134,148 in regulatory assets under management, all on a discretionary basis. The Adviser does not currently manage any assets on a nondiscretionary basis. The Christensen family collectively is one of the largest investors in the Adviser's flagship Fund, Disruptive Innovation Fund, L.P. ("DIF").

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

The fees applicable to each of the Funds are set forth in detail in the corresponding Organizational Documents. A brief summary of such fees is provided below.

### *Management Fee*

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund a management fee ("Management Fee"). Management Fees paid by a Fund are indirectly borne by investors in such Fund. Management Fees are payable quarterly in advance.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund's Advisory Agreement, Organizational Documents and/or other documentation received by each investor prior to investment in such Fund. The Management Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors of the respective Funds. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another as well as among investors, including investors affiliated with the Adviser, in the same Fund.

Upon termination of an Advisory Agreement, Management Fees for certain Funds that have been paid in advance are generally returned on a prorated basis.

### *Management Fee Offsets*

Subject to the terms of a Fund's Organizational Documents, Management Fees due to the Firm from a Fund may be offset by certain fees (as set forth in such Fund's Organizational Documents) received by the Firm or its affiliates from portfolio companies of such Fund. For example, DIF provides that one hundred percent (100%) of all director's fees, officer's fees, advisory fees, monitoring fees, investment banking fees, commitment fees, break-up fees or other remuneration (including any options, warrants or other equity securities, but excluding reimbursements of out-of-pocket expenses) received by the General

Partner, the Firm or their respective affiliates (“Other Fees”) in connection with investments in public or private companies will be applied to offset the Management Fee.

#### *Other Types of Fees or Expenses*

To the extent an Other Fee received by the Firm, or its affiliates, relates to more than one Fund, the Firm shall allocate the resulting Management Fee offset among the Funds in proportion to the invested capital by each Fund in the portfolio company that generated the Other Fee. Any reduction in a Fund’s Management Fee is limited to the extent of such Fund’s proportionate share in any such portfolio company.

To the extent a Fund’s Organizational Documents do not specify the appropriate calculation methodology applicable to Management Fee offset, the Firm will determine the appropriate calculation and application of any Management Fee offset, consistent with its fiduciary obligations.

As a matter of practice, the Adviser is typically paid fees of the type referred to above from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments; (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by the Adviser, service providers, third parties, current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others); or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant.

#### *Operating and Other Expenses*

The Adviser is authorized to incur and pay in the name and on behalf of the Fund all expenses which they deem necessary or advisable. The Adviser will be responsible for and shall pay, or cause to be paid, all Overhead Expenses, except as described below. For this purpose, “Overhead Expenses” for a Fiscal Year include overhead expenses of an ordinarily recurring nature such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and equipment, employee benefits including insurance, payroll, and other taxes, and compensation (and related costs) of all personnel. All other expenses will be borne by the Funds, as applicable, as outlined below.

#### *Fund Expenses*

To the extent provided in the Organizational Documents of the Funds, the Adviser will pay out of Management Fees certain operating expenses, including compensation of its investment personnel (other than the Incentive Allocations described in Item 6 below) and secretarial, clerical, and other personnel, including related benefits and costs, expenses from office space and utilities, and expenses from telephone and computer equipment. As set forth in applicable Organizational Documents of the Funds, a Fund will generally bear all fees, costs, expenses, liabilities and obligations relating to the Fund’s (and its subsidiaries’ and intermediate entities’) activities, investments and business to

the extent not borne by its portfolio companies, including legal, indemnification, accounting, audit and tax preparation (including expenses associated with the preparation of financial statements, tax returns, Forms K-1, and any other reports to limited partners of such Fund), bookkeeping, tax compliance, auditing, consulting, and other professional expenses, including those of valuation firms; administration fees and other expenses charged by or relating to the services of third-party providers of administration services (including expenses for all middle- and back-office services, whether provided by the administrator or any other third-party); fees payable to sub-advisers (if the Adviser determines that such an arrangement represents the best way to access a particular investment opportunity or a difficult to access market or otherwise makes available specialized investment expertise to such Fund); third-party and out-of-pocket research and market data expenses (including, without limitation, news and quotation equipment and services, market data services, and fees to third-party providers of research and/or portfolio risk management services and all third party out- of-pocket costs, in each case, incurred in connection with investments or contemplated investments); interest and fees (including commitment, structuring, and underwriting fees) on margin loans, committed loan facilities, total return swaps, and any other indebtedness; bank service, custodial, consulting, investment banking, and other professional fees or compensation and similar fees; fees and expenses (including travel and lodging expenses) related to the analysis, purchase, monitoring, support, or sale of investments (including restricted investments), whether or not the investments are consummated; expenses related to the purchase, monitoring, support, sale, settlement, custody, or transfer of Fund assets (directly or through trading affiliates); expenses associated with activist investment activities (including public relations, tender offer, and proxy solicitation expenses); third party and out-of-pocket fees and expenses relating to systems and software used in connection with the operation of such Fund and investment related activities (including any accounting, risk management, trading, and administrator-like functions that the Adviser performs in-house); entity-level taxes; fees and expenses relating to the offer and sale of Fund interests (including organizational fees and expenses and filing and legal fees); premiums for directors' and officers' liability insurance, including, without limitation, premiums for director and officer liability or other insurance for the Adviser (if any); expenses related to the maintenance of such Fund's registered office, corporate licensing, fees, or other governmental charges levied against such Fund, and all expenses incurred in connection with any tax audit, investigation, settlement, or review of such Fund or liquidation of such Fund; fees and expenses incurred with the Adviser's compliance with applicable ongoing regulatory requirements to the extent such requirements are imposed as a result of the organization or operation of the Partnership; and other ordinary and extraordinary expenses associated with the operation of such Fund and its investment activities. In certain cases, a co-investment vehicle may be formed in connection with the consummation of a transaction. If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction.

### *Portfolio Company Expenses*

Expenses of portfolio companies are paid by the applicable portfolio companies. Such expenses include (i) expenses of consultants engaged by the Firm on behalf of a portfolio

company, (ii) any expenses initially borne by the Firm or a Fund and reimbursed by the portfolio company, and (iii) any other expenses incurred by the portfolio companies. The Firm will confirm that the charging of any Firm or Fund expense reimbursements to the portfolio company is consistent with the applicable Fund's Organizational Documents.

The Firm and/or its affiliates generally have discretion over whether to charge Other Fees to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of Other Fees generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Firm and/or its affiliates on the other hand.

A portfolio company typically will reimburse the Firm or service providers retained at the Firm's discretion for expenses (including, without limitation, travel expenses) incurred by the Firm or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Adviser Personnel (as defined below). This subjects the Firm and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Firm determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices.

#### *Vendor Expenses*

The Firm reserves the right to engage common third-party service providers that are also utilized by one or more Funds, or portfolio companies of the Funds, on either a long-term basis or in connection with a specific transaction. Such third-party service providers include, without limitation: investment bankers, outside legal counsel, compliance consultants, pension consultants, information technology consultants, accountants, custodians, auditors, expert networks, etc.

The Firm reserves the right to negotiate to receive a discount on the fees with respect to services provided by a common service provider, while the Funds and the portfolio companies may receive a lesser, or no discount.

#### *Prospective Investment and Broken Deal Expenses*

Prior to making an investment, a Fund typically incurs expenses to conduct appropriate due diligence related to such investment opportunities and may include (among other things), legal fees, consultants, and employee travel, meals, and accommodations. Once the Firm determines that an investment opportunity will no longer be pursued or a transaction is not consummated, it is deemed to be a "Broken Deal." Expenses incurred in connection with a Broken Deal ("Broken Deal Expenses") are borne by the Fund proposed to make the investment, or if to multiple Funds, including Broken Deal Expenses relating to transactions that have been offered to co-investors, such expenses are allocated in accordance with the allocation provisions below.



### *Expense Allocations Generally*

In general, when the Firm incurs expenses that benefit more than one of (1) the Firm, (2) one or more of its Funds, (3) one or more portfolio companies of the Funds, and (4) other third parties, (each an “Allocable Party”), the Firm will allocate such expenses in accordance with any contractual requirements (“Expense Allocation Requirements”) set forth in each Fund’s Organizational Documents, agreements with the portfolio companies or, to the extent not addressed in such documents or agreements, in its sole discretion, in each case using good faith and its best judgment and generally on a pro rata basis on such Fund(s) total cost basis in such investment opportunity.

Notwithstanding the forgoing, the Firm may specially allocate the expenses described herein in any other manner if the Firm reasonably determines, in its sole discretion, that it is more equitable to do so.

Expenses that are attributable to, or for the benefit of, multiple Funds, that are not related to an investment opportunity are allocated based on the good faith judgment of the Firm. This may result in expenses generally being allocated (i) pro rata based upon the relative participation of each Fund, (ii) pro rata based on total commitments of each Fund, (iii) based on specified allocations embedded in an invoice, (iv) based on an equal division of the expenses or (v) based on the relative benefit to each Fund or which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, as determined by the Firm in its sole discretion. These may include deal expenses, secondary transfer expenses, vendor expenses and travel related expenses, as outlined in each respective Fund’s offering documents. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment.

The relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Adviser’s related policies and practices and the Organizational Documents. Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction.

Airline travel or hotel stays incurred as Fund expenses typically result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Firm and/or such personnel (and not such Fund, its limited partners and/or portfolio companies) even though the cost of the underlying service is borne by Fund(s) and/or portfolio companies.

Please refer to the relevant Fund’s PPM for further information regarding fees and expenses of the Adviser and the Funds.

Additionally, please see Item 6 below regarding the “Incentive Allocation” or “Carried Interest” that Funds will pay.

When a broker is used in connection with an investment by a Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to certain Funds, a portion of the profits of each such Fund is allocated to the capital account of its General Partner, if any, as an “incentive allocation” (the “Incentive Allocation”). Each General Partner of a Fund is a related person of the Adviser. Incentive Allocations made by a Fund are indirectly borne by investors in such Fund. Certain Funds and investors in such Funds, including investors affiliated with the Adviser, may incur lower or no Incentive Allocation.

With respect to certain closed-end Funds, a portion of the profits, if any, of each such Fund generally is distributed to the Adviser as “carried interest” (the “Carried Interest”), pursuant to such Fund’s Organizational Documents. The General Partner is permitted to reduce or waive the Carried Interest with respect to certain Funds or certain investors in such Funds.

The payment by certain Funds of Incentive Allocations may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Incentive Allocation (or Funds paying higher Incentive Allocations). Generally, and except as may be otherwise set forth in the Organizational Documents of the Funds, this conflict is mitigated by (i) the fact that the only Funds paying a lower Incentive Allocation were formed for the purpose of investing in specific investments alongside the Funds and (ii) the intent of the Fund paying a lower Incentive Allocation was formed to purchase and sell investments held in parallel contemporaneously with the other Funds. However, to the extent the Adviser may advise additional Funds in the future that were not formed for the purpose of specific investments alongside the existing Funds and pay lower or no Incentive Allocation, the Adviser has adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that the Adviser believes in good faith to be fair and reasonable under the circumstances, considering factors the Adviser deems relevant in its sole discretion.

The payment by certain Funds of Carried Interest, or the payment of Carried Interest at varying rates, may create an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest (or Funds paying higher Carried Interest). Generally, and except as may be otherwise set forth in the Organizational Documents of such Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment Funds; and (ii) provisions requiring the General Partner to present to the Fund all investment opportunities of which it becomes aware which are within the investment criteria of the Fund until the termination the investment period.

Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

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

The Adviser currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partner of each such Fund, if applicable) and not individually to investors in such Fund.

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

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

The Adviser does not have a minimum size for a Fund, but the Funds typically have established a required minimum investment amount. The General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

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

The Adviser manages two separate investment strategies: (i) DI Funds invest in companies that are assessed as disruptive through the application the frameworks of disruptive innovation; and (ii) CGP Funds invest in early-stage consumer companies in North America.

An investment in the Funds entails various risks, including, but not limited to, the speculative nature of the Funds’ activities; the illiquidity of interests in the Funds; and that the investments may fail to appreciate as anticipated by the Adviser.

There can be no assurance that the Adviser will achieve the investment objectives of any Fund and a loss of a portion or the entire investment is possible.

### **DI Funds**

The Adviser seeks to apply the strategic frameworks of disruptive innovation to identify attractive investment opportunities. With respect to the DI Funds, the Adviser targets investments in private companies assessed as disruptive.

For private investments, and on the long side, the Adviser applies the disruptive innovation frameworks to identify companies whose strategies are well-suited to take advantage of industry change. These companies tend to be undervalued relative to the Adviser's assessment of their growth prospects. Where the Adviser is able to identify these companies, and where it finds them to be undervalued on a risk-adjusted basis, the Funds might make private investments or take long positions in such companies' equity. Notwithstanding the foregoing, the Adviser generally does not expect to invest in the securities of public companies but retains the ability and discretion to do so if it finds a compelling investment opportunity.

Although the Adviser does expect to take short positions in a company's stocks, it retains the ability and discretion to do so and may apply the disruptive innovation frameworks to identify incumbent companies whose future performance is threatened by disruptive entrants. In these circumstances, the Adviser's assessment of the incumbent companies' prospects could be significantly less positive than the market consensus. Where the Adviser has identified overvalued, vulnerable incumbents, certain DI Funds might take short positions in such incumbent companies' stocks.

The DI Funds expect to invest primarily in equity securities of private companies assessed as disruptive and located around the world, with particular focus on the United States.

The Adviser does not make an effort to keep DI Fund portfolios diversified. Rather, the portfolios of the DI Funds will reflect the most favorable opportunities that the Adviser has identified. Certain DI Funds have been established to pursue individual investment opportunities assessed as disruptive.

The primary process through which the Adviser makes investment decisions is by identifying and validating potential disruptions. After identifying companies that may be disruptive, the Adviser may conduct due diligence on some or all of these companies. The Adviser's diligence process may or may not include researching an industry and speaking with a company's management team, customers and suppliers, and industry analysts. The results of this diligence process, interpreted through the frameworks of disruptive innovation, are the basis for the Adviser's valuation assessment. When the estimated valuation of a target is attractive compared to its current valuation, the Adviser may execute the investment.

### CGP Funds

The CGP Funds are focused primarily on investing in early-stage consumer companies in North America, with the thesis that while there is significant strategic interest in consumer product companies in the middle market, there is limited capital seeking opportunities in emerging consumer product companies. This is evidenced by the lack of institutional growth equity investments in the early stage for the consumer product industry. The CGP Funds seek to capitalize on this inefficiency in the market by leveraging a differentiated approach utilizing technology, along with scientific and mathematical techniques to evaluate, monitor, and add value to emerging consumer product companies.

The Adviser will provide strategic support to portfolio company management teams, based on deep experience within the consumer industry and a strong network of resources. The Adviser will also continue to support what it views to be the strongest portfolio companies via follow on investments.

Once a portfolio company has achieved its investment goals, the Adviser will consider appropriate exit strategies including private sales and initial and secondary public offerings.

## **Risks**

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

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include, but not limited to, the following:

**Recent Financial Market Fluctuations and Industry Risk.** The pace of bank onboarding, the emergence of new competitors, customer concentration, and industry factors such as bank mergers and failures, may create additional risks for the Funds. General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced since 2008, may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than it is at present, and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for certain securities held by the Fund may not be sufficiently liquid to enable a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable

to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise.

**Impact of Government Regulation, Reimbursement and Reform.** Certain industry segments in which a Fund may invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

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

**Valuation of Assets.** There is no actively traded market for certain of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser may give rise to conflicts of interest, as the incentive allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

**Underlying Equity Risks.** A Fund that invests in equities runs the risk that the market prices of those investments will decline. The market prices of equities may decline for reasons that directly relate to the issuing company, such as poor management

performance or reduced demand for its goods or services. They also may decline due to factors which affect a particular industry, such as decline in demand, labor or raw material shortages, or increased production costs. In addition, market prices may decline as a result of general market conditions not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally.

Equities may be even more susceptible to such events than other types of investments a Fund may make, given their subordinate position in the issuer's capital structure. As such, equities generally have significant price volatility, and the market prices of equities can decline in a rapid or unpredictable manner. The market prices of equities trading at high multiples of current earnings often are more sensitive to changes in future earnings expectations than the market prices of equities trading at lower multiples.

If a Fund purchases equities at a discount from their value as determined by the Adviser, a Fund runs the risk that the market prices of these investments will not appreciate or will decline for a variety of reasons, one of which may be the Adviser's overestimation of the value of those investments.

Certain issuers of equities may be subject to different, often less comprehensive accounting, reporting, and disclosure requirements, may be listed on less liquid and more volatile markets, and may be subject to high brokerage commissions and other fees.

The market value of certain assets as measured in U.S. dollars may be affected by the changes in currency rates and exchange control regulations.

**Liquidity Risks.** The Funds may invest in assets and derivatives which they may not be able to readily sell or dispose of, including securities whose disposition is restricted by securities laws. Liquidity risk is the risk that low trading volume, lack of a market maker, large position size, or legal restrictions (including daily price fluctuation limits or "circuit breakers", or an affiliation with the issuer of a security) limits or prevents a Fund's ability to initiate a transaction, sell assets, or unwind derivative positions at desirable prices. In addition to these risks, the Funds are exposed to liquidity risk when they have an obligation to purchase particular securities.

Restricted securities cannot be sold without being registered under the Securities Act, unless they are sold pursuant to an exemption from registration (such as Rules 144 or 144A). Securities that are not readily marketable are subject to other legal or contractual restrictions on resale. A Fund may have to bear the expense of registering restricted securities for resale and the risk of substantial delay in effecting registration. If adverse market conditions were to develop during such period, a Fund might obtain a less favorable price than that which prevailed when it decided to sell. A Fund may be unable to sell restricted and other illiquid securities at the most opportune times or at prices approximating the value at which they purchased such securities or prices at which the Adviser (or its designee) has valued such securities. If it sells its securities in a registered offering, a Fund may be deemed to be an "underwriter" for purposes of section 11 of the Securities Act. In such event, a Fund may be liable to purchasers of the securities under section 11 if the registration statement prepared by the issuer, or the prospectus forming

a part of it, is materially inaccurate or misleading, although a Fund may have a due diligence defense.

These limitations on liquidity of a Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized. In addition, a Fund's holdings in securities for which the relevant market is or becomes less liquid are more susceptible to market value declines. Less liquid securities also may fall more in price than other securities during periods when market prices decline generally.

Because illiquid securities may be difficult to value, the prices realized on their sale may differ from the values at which they are carried by a Fund. Further, the more less-liquid securities a Fund holds, the more likely it is to honor a withdrawal request in kind.

A portion of a Fund's investments may consist of securities that are subject to restrictions on resale by a Fund because they were acquired in a "private placement" transaction or because a Fund is deemed to be an affiliate of the issuer of such securities. Generally, a Fund will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, a Fund may be deemed to be an underwriter or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under the Securities Act.

In addition to the risks that exist with respect to privately-placed securities and other instruments due to the nature of such securities (e.g., risks associated with common stock), privately-placed securities and other instruments are often illiquid. Illiquid investments include most investments the disposition of which is subject to substantial legal or contractual restrictions, and are generally viewed as investments that cannot be disposed of within seven business days at approximately the amount which the Adviser has valued the investments. Transactions in illiquid investments may entail registration expenses and other transaction costs that are higher than those for transactions in liquid investments.

From time to time, a Fund may possess material, non-public information about a borrower or issuer or a Fund may be an affiliate of a borrower or an issuer. Such information or affiliation may limit the ability of a Fund to buy and sell investments.

**Leveraged Investments.** A Fund is generally permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital



structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Organizational Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also generally permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the Organizational Documents and interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding.

Generally, a Fund typically is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by the Adviser or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

**Investment- and Intermediate Entity-Level Borrowing.** Under the Organizational Documents of certain Funds, the relevant Fund is authorized to incur indebtedness that is secured by any assets of the Fund (e.g., asset-based borrowing, as well as "back leverage" and net asset value (NAV) facilities), and is permitted directly or indirectly through one or more intermediate entities (e.g., special purpose vehicles) to incur indebtedness, including to borrow money from any person, to make guarantees or provide other credit support to any person or to incur any other obligation (including other extensions of credit). Indebtedness is permitted to be incurred for any purpose

relating to the activities of the Fund, including without limitation to: finance any investment-related activities of the Fund; to increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and to provide collateral to secure outstanding letters of credit or to create reserves. Additionally, a Fund is expected to enter into letters of credit in support of one or more of its investments, including for the purpose of such Fund agreeing to fund additional equity financing or capital expenditures into a portfolio company (regardless of who the beneficiary to such letter of credit may be) at a certain time or upon the occurrence of a certain event. Although in many cases the Organizational Documents impose limits on borrowings at the Fund level, portfolio investments and intermediate entities generally do not have such limits on their ability to engage in borrowings or incur leverage with respect to all or a portion of the relevant investments.

**No Market for Security Interests.** The Adviser typically invests through the privately offered fund clients that are not registered under the Securities Act. There is no public market for interests in the Adviser's Funds and no such market is expected to develop in the future. Investors may not be able to transfer or encumber interests. Investors also may not be able to withdraw contributions or commitments. Investors should consider an investment in a Fund to be a long-term, illiquid investment.

**Concentration of Investments.** The Funds are not limited in the amount of capital that may be deployed for any one investment and the Funds do not have fixed guidelines for diversification, and therefore their investments could potentially be concentrated in relatively few strategies, issuers, industries, markets, geographies, or investment types. Such non-diversification would make a Fund more susceptible to risks associated with a single economic, political, or regulatory occurrence than a more diversified portfolio might be. A Fund could be subject to significant losses if it holds a relatively large position in a single strategy, issuer, industry, market, geographic region, or a particular type of investment that declines in value, and the losses could increase even further if the investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances. Certain Funds have been established to pursue individual investment opportunities.

**Portfolio Companies Risk.** Investments by the Funds may include securities of privately held issuers, including early-stage companies. A Fund's positions in such issuers may be minority positions with limited control and governance rights. Further, such securities may be subordinated vis-à-vis other securities as to economic, management, or other attributes. The private issuers in which a Fund invests may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. In particular, the public market for high technology and other emerging growth companies is extremely volatile. Volatility may adversely affect the development of issuers in which a Fund is invested, the ability of a Fund to dispose of investments, and the value of investment securities on the date of sale or distribution by a Fund.

A Fund's investments may be long term in nature and may require many years from the date of initial investment before disposition.

In some cases, a Fund may be prohibited by contract or legal or regulatory reasons from selling certain investments for a period of time (e.g., due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell investments at a time it might otherwise desire to do so. To the extent that there is no trading market for such investments, a Fund may be unable to liquidate such investments or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of such investments will be found. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of issuers. The above limitations on liquidity of a Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

**Smaller Company Risk.** Companies with smaller market capitalizations or smaller total float-adjusted market capitalizations, including small- and mid-cap companies, may have limited product lines, markets, or financial resources, may lack the competitive strength of larger companies, or may lack managers with experience or depend on a few key employees. These less established companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing, and service capabilities, and a greater number of qualified managerial and technical personnel.

Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. These companies require considerable additional capital to develop technologies and markets, acquire customers, and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital.

Such companies also may have shorter operating histories on which to judge future performance, and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment.

In addition, their securities are often less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than the securities of companies with larger market capitalizations. In addition, market risk and liquidity risk are particularly pronounced for securities of these companies.

**Public Company Holdings.** A Fund's investment portfolio may contain debt and/or equity securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations

against such companies' executives and board members, including the Adviser's principals, and increased costs associated with each of the aforementioned risks.

**Risks of Non-U.S. Investments.** Investment in non-U.S. issuers or securities may involve special risks due to non-U.S. economic, political, and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation, nationalization or confiscatory taxation of assets, imposition of withholding or other taxes, adverse changes in investment capital or exchange control regulations (which include suspension of the ability to transfer currency from a country), political changes, diplomatic developments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. In the event of a nationalization, expropriation, or other confiscation, a Fund could lose its entire investment in a security.

Issuers of non-U.S. securities are subject to different, often less comprehensive, accounting, custody, reporting, and disclosure requirements than U.S. issuers. The securities of some non-U.S. governments, companies, and securities markets are less liquid, and at times more volatile, than comparable U.S. securities and securities markets. There may be less government supervision and regulation of non-U.S. exchanges, brokers, and issuers than there is in the United States, and there may be greater difficulty in taking appropriate legal action in non-U.S. courts.

There are also special tax considerations which apply to securities of non-U.S. issuers and to securities principally traded overseas. A Fund may be subject to non-U.S. taxation, including potentially on a retroactive basis, on (i) capital gains it realizes or dividends or interest it receives on non-U.S. investments, (ii) transactions in those investments, and (iii) the repatriation of proceeds generated from the sale of those investments. For instance, France implemented a tax on certain financial transactions, and the European Commission has proposed imposing a financial transaction tax on certain transactions involving financial instruments when at least one party to the transaction is a financial institution that was deemed to be established in a European Union member state. In addition, some jurisdictions may limit a Fund's ability to profit from short-term trading (as defined in the relevant jurisdiction).

Non-U.S. brokerage commissions and related fees are also generally higher than in the United States. Non-U.S. markets also have different custody and/or settlement practices, which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect a Fund's performance. In some non-U.S. markets, custody arrangements for securities provide significantly less protection than custody arrangements for securities in U.S. markets, and prevailing custody and trade settlement practices (e.g., the requirement to pay for securities prior to receipt) may expose a Fund to credit and other risks it does not have in the U.S. with respect to participating brokers, custodians, clearing banks or other clearing agents, escrow agents, and issuers.

The laws of some non-U.S. countries may limit a Fund's ability to invest in securities of certain issuers located in those countries. Non-U.S. countries may have reporting requirements with respect to the ownership of securities, and those reporting requirements may be subject to interpretation or change without prior notice to investors.

No assurance can be given that a Fund will satisfy applicable reporting requirements at all times.

Investors from other countries are required to maintain a license to invest directly in many non-U.S. markets, and there are risks associated with any license that a Fund seeks to maintain. These licenses are often subject to limitations, including maximum investment amounts. Once a license is obtained, a Fund's ability to continue to invest directly is subject to the risk that the license will be terminated or suspended. If a license is terminated or suspended, to obtain exposure to the market a Fund will be required to purchase Depositary Receipts, shares of other funds that are licensed to invest directly, or derivative instruments. The receipt of a non-U.S. license by one of the Adviser's clients may preclude other clients, including a Fund, from obtaining a similar license, and this could limit a Fund's investment opportunities. In addition, the activities of another of the Adviser's clients could cause the suspension or revocation of a license and thereby limit a Fund's investment opportunities.

In addition, the tax laws of some non-U.S. jurisdictions in which a Fund may invest are unclear and interpretations of such laws can change over time, including on a retroactive basis. Similarly, provisions in or official interpretations of the tax treaties with such non-U.S. jurisdictions may change over time, which changes could impact a Fund's and/or an investor's eligibility for treaty benefits, if any. As a result, in order to comply with guidance related to the accounting and disclosure of uncertain tax positions under U.S. Generally Accepted Accounting Principles ("GAAP"), a Fund may be required to accrue for book purposes certain non-U.S. taxes, interest, or penalties in respect of its non-U.S. securities or other non-U.S. investments that it may or may not ultimately pay. The amounts of such accruals will be determined by the Adviser in its sole discretion. Such tax accruals will reduce the balance of a Partner's capital accounts at the time accrued, even though, in some cases, a Fund ultimately will not pay the related tax liabilities. Conversely, the balance of an investor's capital accounts will be increased by any tax accruals that are ultimately reversed.

Because non-U.S. securities often are purchased with and payable in currencies of non-U.S. countries, the market value of these assets as measured in U.S. dollars may be affected by the changes in currency rates and exchange control regulations. Some currency exchange costs may be incurred when a Fund changes investments from one currency to another. Currency exchange rates may fluctuate significantly over short periods of time.

**Lack of Control in Minority Investments.** The Funds' investments may represent a minority position in portfolio companies, without power individually to exert significant control over such portfolio companies' boards of directors and management. A Fund will rely significantly on the existing management and boards of directors of such companies, which may include representatives of other investors with whom a Fund is not affiliated and whose interests or views may conflict with the interests of a Fund.

**Lack of Unilateral Control.** Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private funds of other sponsors, or is

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

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

**Service on Boards of Directors, Material Non-Public Information, Etc.** Individual members of the Adviser may serve as officers or directors of portfolio companies. In their capacity as officers or directors (or even simply by virtue of a Fund's status as a significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties which adversely affect a Fund.

As a result of the operations of the Adviser and its affiliates, as well as in connection with officerships or directorships of certain Adviser Personnel, the Adviser frequently comes into possession of confidential or material, non-public information. The Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies and practices.

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

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

**Short Sales Risk.** Short selling exposes the Funds to unlimited risk with respect to that security and/or currency due to the lack of an upper limit on the price to which an investment can rise. Purchasing securities or currencies to close out a short position can itself cause the price of the securities or currencies to rise further, thereby exacerbating the loss. Under adverse market conditions, a Fund may have difficulty purchasing securities or currencies to meet its short sale delivery obligations, and may have to sell portfolio securities or currencies to raise the capital necessary to meet its short sale obligations at a time when it would be unfavorable to do so. If a request for return of borrowed securities and/or currencies occurs at a time when other short sellers of the securities and/or currencies are receiving similar requests, a "short squeeze" can occur, and a Fund may be compelled to replace borrowed securities and/or currencies previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities and/or currencies short. In addition, a Fund may have difficulty purchasing securities and/or currencies to meet its delivery obligations in the case of less liquid securities and/or currencies sold short by a Fund such as certain emerging market country securities or securities of companies with smaller market capitalizations. A Fund also may take short positions in securities through various derivative products. These derivative products will typically expose a Fund to economic risks similar to those associated with shorting securities directly.

**Risks of Pooled Investment Vehicles.** Investments by the Funds in pooled investment vehicles may involve a layering of fees and other costs. In addition, investment decisions of such vehicles are made by their investment advisers independently of each other. As a result, at any particular time one investment vehicle may be purchasing securities of an issuer whose securities are being sold by another investment vehicle and a Fund could indirectly incur certain transaction costs without accomplishing any net investment result. A Fund is also exposed to the risk that the underlying funds do not perform as expected.

**Convertible Securities Risk.** The market value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors also may have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, as in the case of “broken” or “busted” convertibles, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a Fund is called for redemption, a Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on a Fund’s ability to achieve its investment objective.

**IPOs and Other Limited Opportunities Risk.** The Funds may purchase securities of companies that are offered pursuant to an initial public offering (“IPO”) or other similar limited opportunities. Although companies can be any age or size at the time of their IPO, they are often smaller and have a limited operating history, which involves a greater potential for the market value of their securities to be impaired following the IPO. The price of a company’s securities may be highly unstable at the time of its IPO and for a period thereafter due to factors such as market psychology prevailing at the time of the IPO, the absence of a prior public market, the small number of shares available, and limited availability of investor information. Securities purchased in IPOs have the tendency to fluctuate in market value significantly shortly after the IPO relative to the price at which they were purchased. These fluctuations could impact a Fund’s return. Investors in IPOs can be adversely affected by substantial dilution in the market value of their shares, by sales of additional shares, and by concentration of control in existing management and principal shareholders. In addition, all of the factors that affect the performance of an economy or equity markets may have a greater impact on the shares of IPO companies. IPO securities tend to expose a Fund to greater risk due, in part, to public



perception and the lack of publicly available information and trading history.

**Preferred Securities Risk.** Investment in preferred stocks involves certain risks. Certain preferred stocks contain provisions that allow an issuer under certain conditions to skip or defer distributions. If a Fund owns a preferred stock that is deferring its distribution, it may be required to report income for tax purposes even when it is not receiving current income on the position. Preferred stocks often allow for redemption in the event of certain tax or legal changes or at the issuer's call. In the event of redemption, a Fund may not be able to reinvest the proceeds at comparable rates of return. Preferred stocks are subordinated to other securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments, and therefore will be subject to greater credit risk than those other securities. Preferred stocks may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movements than many other securities, such as common stocks or corporate and government fixed income securities.

**Operational and Management Risk.** This risk is the prospect of loss resulting from inadequate or failed procedures, systems or policies and may include, among others, employee errors, systems failures, criminal activity, cyber-breaches or any event that disrupts business processes. Additionally, it is possible that the investment strategies and techniques used by the Adviser will not produce the intended results. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the market value of and return on investments of the Funds. Investment decisions will be made for the Funds by principal executive officers and other personnel of the Adviser. The success of the Funds will depend on the ability of the Adviser to identify suitable investments and to dispose of such investments at a profit for the Funds. The Adviser will apply its investment techniques and risk analyses in making investment decisions for the Funds, but there is no guarantee that a Fund's investment objective or return expectations will be achieved.

**Epidemic or Pandemic Considerations.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-10, have resulted in historic market disruptions, and future such health emergencies have potentially to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant loss to the Funds.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways

that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

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

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

**Risks Associated with Interest Rate Fluctuations.** Changes in interest rates could have an adverse impact on the Funds. Market interest rates are beyond the General Partners' control, and they can fluctuate in response to general economic conditions and the policies of various governmental and regulatory agencies. Changes in monetary policy, including changes in interest rates, will influence market rates, financings, and prices for purchases of loans. Rising or falling interest rate environments also entice customers to refinance.

**Counterparty Risk.** The Funds may suffer losses if a counterparty to a financial instrument defaults and fails to meet its payment obligations to the respective Fund.

**Growth Equity Transactions.** A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such

investments generally involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion to achieve or maintain a competitive position and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

### **Item 9. Disciplinary Information**

On June 1, 2018, without admitting or denying the SEC's findings (except as to jurisdiction), Rose Park Advisors, LLC voluntarily consented to the SEC's entry of an Order that included censure, a Cease and Desist order, and a requirement to pay a civil penalty of \$75,000. The SEC alleged that from 2015 through 2016 Rose Park Advisors, LLC violated rule 204(b)-1 by failing to file a report on Form PF, which provides the SEC with information about the funds that Rose Park Advisors, LLC manages. Rule 204(b)-1 does not require that the actor is aware of violating one of the Rules or Acts.

Other than the above, there have been no legal or disciplinary events to disclose that are material to an investor's or prospective investor's evaluation of the Adviser's advisory business or integrity of management.

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

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

Neither the Adviser, 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.

Except as otherwise provided below, neither the Adviser nor any of its management persons have affiliations with broker dealers, municipal securities dealers, government securities dealers, investment companies, other investment advisers or financial planners, futures commission merchants, registered commodity pool operators, registered commodity trading advisors, banking or thrift institutions, accountants or accounting firms, lawyers, law firms, insurance agencies or companies, pension consultants, real estate brokers or dealers or other sponsors or syndicators of limited partnerships. Matthew Christensen is a passive investor in Fifth Down Cap LLC, an SEC-registered investment adviser in his personal capacity. Mr. Christensen has no contractual or any other right to control, manage, oversee, set policy for, or exercise any influence over Fifth Down Cap LLC's provision of investment management and investment advisory services.

One or more limited liability companies may serve as General Partners of the Funds. Each such General Partner will be under common control with the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the

General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

The Adviser does not recommend or select other investment advisers for its Funds.

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

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers and employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to retain certain periodic reports with the Adviser’s Chief Compliance Officer (“CCO”) as required by Rule 204A-1 under the Advisers Act.

In addition to the above, the Code of Ethics contains controls implemented by the Adviser designed to monitor and mitigate potential conflicts of interest, including specific policies to address, among other things, outside activities of employees, the prevention of insider trading, restrictions on the acceptance or offer of significant gifts and political contributions.

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

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

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

Certain employees and affiliates of the Adviser invest in the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, generally will reduce all or a portion of the Management Fee and Incentive Allocation or Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide

certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

## **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Any failure to identify or properly address a conflict can have severe negative repercussions for the Adviser, its portfolio companies, employees, and/or funds and investors. In some cases, the improper handling of a conflict could result in litigation and/or disciplinary action.

As a general principle, the Adviser and its officers and employees are required to act in the best interests of each Fund. Employees must use good judgment in identifying and responding appropriately to actual or apparent conflicts. Conflicts of interest that involve the Adviser and/or its employees on one hand, and the portfolio companies, the Funds and/or investors on the other hand, will generally be disclosed and/or resolved in a manner that the Adviser reasonably believes is in the best interests of Funds over the interests of the Adviser and its employees. Certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

### *Resolution of Conflicts*

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

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering memoranda and Organizational Documents for the Funds;
- (3) To the extent a Fund has established an advisory committee, the advisory committee will consist of representatives of investors not affiliated with the Adviser. An advisory committee meets as necessary, to the extent required by the respective Fund's Organizational Documents, and, at times, at the discretion of the Adviser when it sees fit, to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of

interest, the Adviser will be guided by its good faith discretion;

- (4) Where the Adviser deems appropriate, in its sole discretion, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (5) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

### *Conflicts*

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

### *Allocation of Investment Opportunities Among Clients and Allocation of Co- Investment Opportunities*

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, the following:

- The Funds;
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in such co-investment vehicles may include employees, business associates, and other “friends and family” of the Adviser or Adviser Personnel; individuals and entities that are also investors in one or more Funds (“Adviser Investors”); and/or individuals and entities that are not investors in any Funds (“Third Parties”)); and
- Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s).

The Adviser has written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in the Fund’s Organizational Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

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

- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation or that some or all Funds or investors should invest in a smaller portion of the investment due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities or resulting legal or regulatory reporting or other obligations.
- **Obligation to Offer:** the Adviser is not currently but may in the future be required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities would generally be set forth in a Fund's offering documents and/or operating agreement.

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

- Each Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each Fund's liquidity and reserves;
- Each Fund's diversification and other investments held at such time;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;

- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Transaction costs;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and Organizational Documents of each Fund.

The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities may be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, (iv) certain persons other than investors in the Funds (e.g., Third Parties) may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' Organizational Documents and as set forth in the following paragraphs.

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

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-



investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;

- Any confidentiality concerns the Adviser may have that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that any potential co-investor will ultimately pursue such co-investment opportunity, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and

conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. Subject to the applicable Organizational Documents, the Adviser may charge (or may decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that Adviser Personnel and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds, the Adviser and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, the Adviser may consider the factors listed above in exercising such discretion. Subject to any restrictions in the Organizational Documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Adviser Investors or Third Parties to potentially acquire the interest being transferred.

The appropriate allocation between Funds, Adviser Investors and Third Parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the Organizational Documents of the Funds, as applicable. Such expenses typically are not allocated to co-investment vehicles.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and

compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, principal executive officers and other Adviser Personnel invest indirectly and directly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

### *Conflicts Related to Purchases and Sales*

Conflicts are expected to arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. Employees and related persons of the Adviser and its affiliates have made and may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. If a Fund enters into any indebtedness with another Fund on a joint and several basis, the relevant General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Adviser expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or the Adviser may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests.

Additional potential conflicts are expected to arise when and to the extent a Fund makes

investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Broken Deal Expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Adviser and its affiliates reserve the right to express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or Adviser Personnel express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Moreover, a Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

From time to time the Adviser may, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser may consider some or all of the factors listed above under *"Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities."* The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Organizational Documents of the applicable Fund(s).

### *Cross-Transactions*

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

portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. In some cases a portfolio company of one Fund will be merged with or into a portfolio company owned by another Fund. Any of these transactions raise potential conflicts of interest, including where: (i) the investment of one Fund supports the value of portfolio companies owned by another Fund; or (ii) the transaction allows the Adviser or its affiliates to realize Carried Interest or receive future Management Fees or other compensation with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's CCO, in consultation with the Adviser's General Counsel and Chief Executive Officer ("CEO"), will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. Moreover, the Adviser reserves the right to determine that the willingness of a third party to make an investment on the same or similar terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions and therefore determine not to obtain a consent or fairness opinion (except where required by applicable law). Further, cross transactions are expected to arise in the context of automatic or other re-balancing of investments among parallel investing entities, and in such circumstances the Adviser generally will not seek a fairness opinion or advisory committee consent given that such transactions typically are effected close in time to the initial Fund's investment or pursuant to authorizing provisions in the relevant Organizational Documents. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Fund where the Adviser may be deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security

from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Adviser’s management of the Funds, the Adviser has and may in the future from time to time engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

### *Management of the Funds*

The Adviser manages multiple Funds. The Adviser may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*” above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

### *Follow-on Investments*

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

Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

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

The Adviser generally may, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (ii) an entity with which the Adviser or its affiliates or an Adviser Personnel member has a relationship or from which the Adviser or its affiliates or Advisers Personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by Funds, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments often vary from those of the Funds. If officers, principals, and employees of the Adviser have made large capital investments in or alongside the Funds they may have conflicting interests with respect to these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Unless restricted by the Organizational Documents, Adviser Personnel are permitted to serve on boards or act in other roles unaffiliated with the Adviser, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

### *Fee Structure*

As discussed above in Item 6, the General Partners of certain Funds are entitled to Incentive Allocations or Carried Interest under the terms of the limited partnership agreements of such Funds. Such General Partners are affiliates of the Adviser. The

existence of the General Partners' Incentive Allocations or Carried Interest may create an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

### *Business with Portfolio Companies and Investors*

It is the Adviser's practice to select service providers for the Funds (and, if requested, to recommend service providers for portfolio companies) that it believes are in the best interests of applicable Fund (or its portfolio companies) based on their merits, and not based on the personal interests of the Adviser and its affiliates or related persons. The Adviser generally may, in its discretion, recommend to a Fund or a portfolio company thereof that it contract for services with the Adviser or an entity with which the Adviser, its affiliates or Adviser Personnel has a relationship or from which the Adviser, its affiliates or Adviser Personnel derives or could derive financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Adviser Personnel are seconded, or from which the Adviser receives secondees. For example, the Adviser may recommend the selection or retention of a service provider for the Funds or a portfolio company that the Adviser believes will invest in the Funds, provide the Adviser and its affiliates with information that it deems to be valuable (including information about markets and industries in which the Adviser operates or is interested) or provide other services that are beneficial to the Adviser, its affiliates, or Adviser Personnel. Moreover, the Adviser has service providers, including for example, outside legal counsel, who may be investors in Funds and/or who may provide services to businesses that are competitors of the Adviser. Additionally, Adviser Personnel or their family members or relatives have, and may continue in the future to have, ownership, employment or other interests in such service providers. Such relationships with a service provider may influence the Adviser in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company and, when making such selection or recommendation, the Adviser, because of the financial or other business interests of the Adviser, its affiliates and Adviser Personnel, has an incentive to select or recommend such service provider even if another person is more qualified to provide the applicable services or can provide such services at a lesser cost. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Adviser generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, the Adviser anticipates the potential for certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to the Adviser or any Fund to provide services that will be the most beneficial to any limited partner.



The General Partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

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

### *Positions with Portfolio Companies*

Employees of the Adviser may serve as directors of portfolio companies. From time to time, certain employees may receive forms of compensation, expense reimbursements or other amounts from a portfolio company in which a Fund invests.

### *Distributions In-Kind*

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than the Adviser deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

### *Side Letter Agreements*

The Adviser has and may in the future from time to time enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of the Adviser's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights,

confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic, procedural and other terms, many of which will not be subject to the “most-favored nation” provisions of a Fund’s Organizational Documents.

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

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

### *Other Potential Conflicts*

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

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

Without limiting the generality of the foregoing, the Funds have invested (and may in the future invest) in companies that have been founded by, or have c-suite executives that are, former Adviser Personnel or are related to (or have familial ties with) certain Adviser Personnel, or with respect to which former employees of the Adviser are involved as founders, employees or otherwise, when the Adviser determines that such investment is appropriate for the investing Fund.

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

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

The Adviser, the General Partner or their Affiliates are permitted to rent office space and provide ordinary office equipment to one or more portfolio companies, in each case for compensation on terms no less favorable to the portfolio company than are generally provided by unrelated third parties in comparable situations. Such compensation and rent payments paid to such persons for such services will not result in offsets to the Management Fee.

The Adviser reserves the right to allow the Funds to participate in transactions in which the General Partner, the Adviser (or any of their employees, members and/or principals), any limited partner, a portfolio company or any employee thereof or service provider is directly or indirectly interested. In connection with such transactions, the Fund, the General Partner, and the Adviser, their employees, members and/or principals, limited partners, a portfolio company or any employee or service provider will likely have conflicting interests. For example, one of the Funds is invested in a portfolio company for which a senior executive of the management team is a relative of a senior executive of the Adviser and other similarly conflicting arrangements may arise from time to time in the future relating to the Funds and/or portfolio companies.

A Fund may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, the Adviser or its related persons. In such a case, investors in such Fund will bear not only the direct Management Fees and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

The Adviser frequently collaborates with other investment advisers and other persons (“Collaborators”) with respect to investment opportunities, including sharing investment ideas. The Adviser believes that these types of collaborations are important sources of deal flow for the Funds. Such collaborations often result in co-investments by the Funds alongside the Collaborators or the investment vehicles or other clients advised by such Collaborators, typically on the same terms and at the same time. However, there are circumstances where the Funds make investments in the same company as the

Collaborators (or their clients) on different terms or at a different time, including after the Collaborator (or its clients) has already made their investment. Furthermore, the principals and other employees of the Adviser often have material business relationships with the Collaborators that include personal investments in the investment vehicles advised by the Collaborators (including those that co-invest alongside the Funds) and in the Collaborators themselves. These material business relationships (and, in particular, the personal investments) create conflicts of interest with respect to the decision by the Adviser to cause the Fund to participate in an investment opportunity alongside a Collaborator (or its client). The Adviser seeks to mitigate these conflicts by, among other actions that it deems necessary or appropriate, typically structuring such personal investments as passive investments, disclosing such conflicts to the investment team considering the investment resulting from the collaboration, and entering into confidentiality and other agreements with the Collaborators, where the Adviser deems it necessary or appropriate to protect the interests of the Funds.

Certain Adviser Personnel have devoted, and are also expected to devote, time to activities or endeavors outside of the Funds including, without limitation, managing personal or family investments and attending to charitable, community endeavors or venture capital and private equity industry-related endeavors. In addition, certain Adviser Personnel sitting on the investment committee of one Fund may also serve on the investment committee of other Funds, or of funds that may be managed by an affiliate of the Adviser. This has the potential to create conflicts of interest in providing advice and recommendations with respect to investments to the Funds. In addition, subject to the Adviser's policies, Adviser Personnel (including senior personnel) are permitted to also buy securities in other unaffiliated investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles), as well as unaffiliated third-party investment advisers, which may include potential competitors of the Funds and/or the Adviser. While such an investment may create a conflict of interest (for instance, not bringing an investment opportunity to a Fund if there is a greater financial incentive to see the competitor fund or adviser make such an investment), the significant interests of Adviser Personnel (including the senior personnel) in the Funds and their General Partners (including economic interests) generally provide a strong alignment with the Funds' interests in this regard.

In connection with its services to the Funds and their investments, the Adviser, its affiliates and Adviser Personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Adviser's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Adviser and Adviser Personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Adviser Information"). In many cases, Adviser Information will include tools, procedures and resources developed by the Adviser to organize or systematize Adviser Information for ongoing or future use. Although the Adviser expects its Funds and their portfolio companies generally to benefit from the Adviser's possession of Adviser Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by the Adviser and Adviser Personnel) and not by the Fund or portfolio company from which Adviser Information was originally received or derived. Adviser Information will be the sole

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

Since the Adviser is permitted to retain certain Other Fees (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Other Fees are based on enterprise value or other metrics relating to a portfolio company, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of Other Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. Additionally, the Adviser, Adviser Personnel, affiliates or others designated by the Adviser expect to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Organizational Documents are applied, the Adviser and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Adviser) or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund. In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund’s relative ownership of the portfolio company awarding such compensation.

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

partners could suffer adverse effects resulting from any default by any Fund or an Adviser affiliate, whether or not related to the Fund in which such limited partners have invested.

Although the Organizational Documents generally contain broad exculpation and indemnification provisions, the Adviser will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act.

The Adviser, through a wholly owned subsidiary, Rose Park Carbon Sub 1, LLC ("Rose Park Carbon"), is providing financing (the "Transaction") to a portfolio company of the Funds. The Transaction will be used to produce products that generate carbon credits that can be sold, and the proceeds of which will be used to repay Rose Park Carbon. Rose Park earns Management Fees on its investments. Furthermore, Matthew Q. Christensen sits on the board of the portfolio company and may have the ability to exert significant influence over its operations. However, approval of the Transaction by the relevant portfolio company and disclosure of Matthew Q. Christensen's conflicts of interest were done in accordance with Delaware law. While the Adviser has reviewed the Transaction to confirm that the terms are equivalent to an arms-length transaction, the interests of Rose Park Carbon may conflict with the interests the Funds.

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

## **Item 12. Brokerage Practices Selection of Broker-Dealers**

For each of the Funds, the Adviser has, subject to the direction of such Fund's General Partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer, if any, to be used to effect transactions. The Adviser does not make regular use of broker-dealers for the purposes of purchasing or selling securities on behalf of the Funds because the securities that it typically purchases or sells on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions. However, in the event the Adviser does participate in such activity, the Adviser will employ the following practices.

In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker-dealer.

In determining whether a particular broker-dealer is likely to provide best execution in a particular transaction, the Adviser's CCO, in consultation with the Adviser's General Counsel and the Adviser's CEO, takes into account all factors that he deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the

commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker-dealer, and the quality of service rendered by the broker-dealer in other transactions.

### **Aggregation of Trades**

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

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

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

### **Oversight and Monitoring**

The investment portfolios of the Funds are based on a long-term view of the importance of disruptive innovation and typically include private, illiquid and other investments that are long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies and publicly traded securities held by the Funds and generally maintains ongoing oversight of such companies and securities. The portfolios are reviewed on an ongoing basis.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund as soon as reasonably practicable after March 15 of each year. Additionally, the Adviser generally provides quarterly investor statements and investor letters. The Adviser and the General Partner will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Investors are requested to refer to the Organizational Documents of each Fund for further information as to reporting by the Adviser.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons may occasionally



receive discounts on or samples of products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

The Adviser engages one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. The Adviser generally pays such fees.

### **Item 15. Custody**

The Adviser or certain affiliates are deemed to have custody of certain client funds and securities. As set forth in Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), all client funds that fall under the purview of the Custody Rule are held at accounts maintained in the name of the applicable client by entities deemed qualified custodians (with the exception of those privately offered securities that fall within the Private Security Exemption) as defined in the Custody Rule.

Additionally, the Adviser requires that the applicable Funds (such Funds over which the Adviser or an affiliate is deemed to have custody) distribute audited financial statements to all investors in such Funds within 120 days of the Fund’s fiscal year end. The financial statements are prepared in accordance with generally accepted accounting principles and are audited by an independent accountant that is registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board.

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

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

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

The Adviser’s investment strategy does not generally involve the acquisition of public securities with voting authority, making it unlikely that a client will be placed in a position of proxy voting authority. However, if a client does come into possession of securities with voting rights, the Adviser maintains policies and procedures as described below to vote proxies in the best interests of its clients.

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The

Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

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

Funds generally cannot direct the Adviser's Vote.

All Voting decisions initially are referred to the General Counsel, CEO or another appropriate investment professional for a voting decision. In most cases, the CEO will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. When the CEO is making the Voting decision, the CEO will inform the Adviser's General Counsel or CCO of any such Voting decision, and will consult further with the General Counsel or CCO in the event that such Voting decision presents a conflict of interest to the knowledge of the CEO.

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

Where the CCO and General Counsel deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the CCO and General Counsel shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants, or professionals.

Information regarding the Adviser's proxy voting policies are available to any client or prospective client upon written request to: [info@roseparkadvisors.com](mailto:info@roseparkadvisors.com).

## **Item 18. Financial Information**

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and thus is not required to include a balance sheet for its most recent fiscal year.

The Adviser is not aware of any financial condition that is likely to impair its ability to meet contractual commitments to clients.

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.