

TENSILE CAPITAL MANAGEMENT LP

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Part 2A of Form ADV: Firm Brochure

Item 1. Cover Page

March 29, 2024

This brochure provides information about the qualifications and business practices of Tensile Capital Management LP. If you have any questions about the contents of this brochure, please contact us at 415-830-8160. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of Tensile Capital Management LP or its personnel.

Additional information about Tensile Capital Management LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure contains several changes from the last firm brochure dated as of March 31, 2023, including, but not limited to risks associated with: (i) the types of investments the Clients make; (ii) the composition and nature of a Client's overall portfolio holdings and structure; (iii) the Registrant's investment process, procedures and general strategy; (iv) market conditions and other market participants; and (v) legal, regulatory, political and similar U.S. and global general risks. In addition, Tensile Capital Management LP routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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Item 4 – Advisory Business

- A. Tensile Capital Management LP, a Delaware limited partnership headquartered in Larkspur, California, (the “Registrant”) serves as the investment adviser to certain pooled investment vehicles including, without limitation: Tensile Capital Partners LP (the “Onshore Fund”), Tensile Capital Partners Offshore Fund Ltd (the “Offshore Fund”) and Tensile Capital Partners Master Fund LP (the “Master Fund”). The “Main Fund” refers to one or more of the Onshore Fund, the Offshore Fund, the Master Fund and alternative investment vehicles as described in the Master Fund’s governing documents. In addition, the Registrant (as defined herein) or its affiliates may, in their sole discretion, establish dedicated co-investment vehicles in order to facilitate co-investments for specific investors alongside the Main Fund in one or more investment opportunities where the Main Fund’s General Partner determines that the amount of the available investment opportunity exceeds the amount appropriate for the Main Fund or that any investor in the Main Fund will not participate in the investment due to certain limitations set forth in the Main Fund’s governing documents (such vehicles, the “Co-Investment Vehicles,” and together with the Main Funds, the “Clients,” and each individually, a “Client”).

Each of the Clients is exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) thereof. Interests in the Clients are privately offered only to investors that are “qualified purchasers” as defined in the Investment Company Act.

Certain entities that are affiliated with the Registrant serve as general partners to the Clients (each, a “General Partner”). For purposes of this brochure, the “Registrant” refers to Tensile Capital Management LP, together with, where the context permits, the General Partners and other affiliates that provide advisory services to, or receive fees or performance compensation from, the Clients.

In certain cases, the Registrant is entitled to receive performance compensation from its Clients, as discussed further in Item 6.

Mr. Douglas J. Dossey and Mr. Arthur C. Young (each a “Managing Partner”) founded the Registrant in July 2012. Together, Messrs. Dossey and Young have a beneficial ownership of the Registrant that exceeds 75%.

- B. The Registrant provides discretionary investment advisory services to certain Clients. The Clients’ investment strategy is to achieve capital appreciation through long-term investing in a concentrated portfolio of undervalued publicly traded securities and/or select private investments. The Clients engage in the purchase and sale of a broad range of investment interests and securities. Securities traded generally include but are not limited to: equity, equity-related, hybrid and credit securities that are traded publicly and privately in U.S. and non-U.S. markets, in addition to illiquid securities such as restricted securities of public and private companies. Clients also have in the past and may in the future invest in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative

instruments, bonds and other fixed income securities, non-U.S. currencies, futures, options on futures, other commodity interests and money market instruments. The Clients also engage in short selling, hedging and other investment strategies.

The Registrant provides investment advisory services to each Client in accordance with the governing documents of such Client or separate investment and advisory agreement or investment management agreement. Investment advice is provided directly to the Clients, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Clients. Investment restrictions for the Clients, if any, are generally established in the organizational or offering documents of the applicable Client, advisory agreements and/or side letter agreements negotiated with investors in the applicable Client (such documents collectively, a Client's "governing documents").

- C. Certain investors in the Clients participate in both the Registrant's publicly traded securities strategy and private securities investment strategy, while others pursue only one of those strategies.
- D. The Registrant does not participate in wrap-fee programs.
- E. As of December 31, 2023, the Registrant manages approximately \$1,908,965,335 in regulatory assets under management on a discretionary basis.

Item 5 – Fees and Compensation

- A. The specific manner in which the Registrant charges fees is described in each Client's governing documents. In exchange for the investment advisory services provided to certain Clients, the Registrant receives from certain investors a management fee (the "Management Fee"). The Management Fee is typically calculated as the sum of a percentage of (i) the net asset value of liquid investments; and (ii) for certain investors, the cost basis of any illiquid investments to which the investor has exposure. Generally, investors bear a Management Fee, payable on a quarterly or semi-annual basis in advance or arrears, depending on the Client's governing documents.

The Management Fee can be waived, rebated, modified, reduced or calculated differently at the sole discretion of the Registrant both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Client. Each investor in a fee-paying class of a Client is specifically allocated that portion of the Management Fee attributable to such investor's capital account or commitment amount, as applicable, to the extent such fee is not waived, in accordance with the Clients' governing documents. The fee structures described herein may be modified from time to time. Fees differ from one Client to another, as well as among investors in the same Client.

- B. The Registrant deducts or otherwise charges fees from the Clients' assets on an ongoing basis. Typically, as noted above, the Registrant receives Management Fees from the Clients on a quarterly or semi-annual basis.

While uncommon, from time to time the Registrant receives cash and non-cash fees relating to the investment activities of a Client and its portfolio companies, specifically directors' fees and monitoring fees (together with any other fees received from a portfolio company in the future, the "Other Fees"). "Portfolio companies" refers herein to both private and public issuers of securities in which Clients invest, unless the context suggests otherwise. Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto) or otherwise. The Registrant determines the amount and timing of these Other Fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of, or lenders to, portfolio companies, and/or third-party co-investors in its transactions. In many cases with respect to the implementation of the arrangements described above, there is not an independent third party involved on behalf of the relevant portfolio company and therefore such fees are not subject to a market check. Although Other Fees are in addition to the Management Fees, the Other Fees will be shared with investors in a Client (either through a reduction of the amount of Management Fees paid by the applicable Client in connection with the receipt of such Other Fees in accordance with the governing documents of the applicable Client or otherwise). Generally, under the terms of the applicable governing documents, for purposes of calculating any Management Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Registrant in connection with consummated or unconsummated transactions or in connection with generating any such fees.

- C. The Registrant's Management Fee is also exclusive of brokerage commissions. Please see Item 12 of this Brochure for more information about the Registrant's brokerage arrangements for its Clients.

Each Client bears all costs and expenses of that Client's operations as set forth in its governing documents. The Registrant bears certain expenses and costs of providing services to the Clients, as well as ordinary overhead expenses, including rent, furniture, fixtures, equipment, office supplies, clerical expenses and all salaries, bonuses and benefits paid to, or on behalf of, analytical and support personnel, in accordance with each Client's governing documents.

In addition, the Registrant, from time to time, engages one or more Client administrators or similar service providers to perform certain functions in relation to the Clients, which services may include coordination of the Clients' legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting with which the Clients are required to comply. In certain instances, employees of such service providers dedicate substantially all of their time to the Clients. These expenses related to such service provider employees are borne by the Clients. In addition, the Clients will bear the expenses of all third-party administrator service providers even if there is some overlap in services performed by such third-party administrator and Registrant personnel.

From time to time the Registrant will be required to decide whether certain fees, costs and expenses should be borne by the Registrant, a Client, investors or a subset of investors in a Client and/or a third party (each, an “Allocable Party”) and if so, how such fees, costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party, or fees, costs and expenses may be allocated among multiple Allocable Parties. The Registrant allocates fees, costs and expenses in accordance with a Client’s governing documents. To the extent not addressed in a Client’s governing documents, the Registrant will make allocation determinations among Allocable Parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Client, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by the Registrant in its sole discretion). The Registrant will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service may not reflect the relative benefit derived by such Client from that service in any particular instance, and the Registrant may determine an allocation of expenses to be fair and equitable even where a Client is required to bear more than its proportional share of such fees or expenses relative to other Allocable Parties receiving the same service or participating in the same transaction. When making expense allocation determinations, the Registrant generally will allocate an expense to one or more Allocable Parties that are in existence and identified as such at the time the expense allocation determination is made. Accordingly, it can be expected that in certain cases Allocable Parties that were not in existence or otherwise identified as Allocable Parties at the time an expense is allocated will ultimately benefit from a particular expense, without having borne any portion of such expense, and in such cases the Registrant will not re-allocate the expense to each such future Allocable Party, and such future Allocable Part(ies) will benefit at the expense of other Allocable Parties, including the Clients.

To the extent a Co-Investment Vehicle is created to invest alongside the Main Fund, certain expenses (including those related to its organization and formation) and other expenses incurred solely for the benefit of the Co-Investment Vehicle will be borne by the investors in such Co-Investment Vehicle. In addition, a Co-Investment Vehicle will also bear its pro rata portion of expenses incurred in connection with the making of such an investment.

Unless the Registrant determines otherwise in its sole discretion or subject to negotiations with a particular co-investor, in general, neither Co-Investment Vehicles nor co-investors will bear any expenses relating to a proposed but not consummated transaction (“Dead Deal Costs”), even if a Co-Investment Vehicle has been formed for the purpose of investing in the proposed transaction or if co-investors have otherwise committed to invest in the proposed transaction. The Registrant will evaluate the facts and circumstances including, without limitation, timing of the transaction, benefit to the Main Fund to have co-investors participate in a particular transaction and relative negotiating power. The Registrant will have discretion in determining whether a particular allocation among the Main Fund and

co-investors or co-investment vehicles is fair and equitable. This discretion creates a potential conflict of interest as it may result in the Main Fund bearing more than its pro rata portion of certain fees, costs and expenses (including Dead Deal Costs). As a result, Dead Deal Costs are generally borne by the Main Fund, which will result in the Main Fund bearing more than its pro rata share of Dead Deal Costs. Dead Deal Costs may include, among other things, legal, accounting, advisory, consulting or other third-party expenses, any travel and travel-related expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., KYC) investment entities with a financial institution, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

From time to time, the Main Fund will incur certain ongoing expenses that benefit a Co-Investment Vehicle or co-investor (for instance, insurance premiums). In such instances, these ongoing expenses will be borne solely by the Main Fund and will not be borne by any benefiting Co-Investment Vehicle or co-investor. In addition, the Registrant and its affiliates have discretion to (i) receive performance-based compensation, Management Fees or similar fees from a Co-Investment Vehicle and (ii) collect customary fees in connection with actual or contemplated investments that are the subject to co-investment arrangements.

- D. Neither the Registrant nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 – Performance-Based Fees and Side-by-Side Management

With respect to certain Clients, a portion of the profits of such Client is allocated or distributed to the relevant General Partner as a “Special Profit Allocation” or as “Carried Interest.” Typically, the Registrant does not advise Clients in which investors are not charged a Special Profit Allocation or Carried Interest. However, the Special Profit Allocation or Carried Interest can be waived, rebated or calculated differently for different investors at the sole discretion of the Registrant. The allocation or distribution of Special Profit Allocation or Carried Interest at varying effective rates creates an incentive for the Registrant to disproportionately allocate time, services or functions to the Client or Clients paying a Special Profit Allocation or Carried Interest at a higher rate.

In addition, Special Profit Allocations and Carried Interest create an incentive for the Registrant to make more speculative investments on behalf of the Clients than it would otherwise make in the absence of such performance-based arrangement. The Registrant, however, subjects each prospective investment to a comprehensive due diligence process, including research and an approval procedure by at least one Managing Partner. Further,

the Registrant has adopted compliance policies and procedures to address and mitigate conflicts of interest.

The Registrant utilizes investment allocation policies and procedures reasonably designed to allocate investment opportunities among the Clients in a manner that is fair, equitable and consistent with applicable regulatory and contractual investment restrictions and with business and tax considerations. In allocating investments among the Clients, the Registrant shall consider relative portfolio cash positions, taxation and other target investment criteria such as quality, yield, volatility, duration and minimum/maximum bite size in accordance with each Client's governing documents. The Registrant shall also take into account applicable investment restrictions, including the ability of a Client to purchase 144A-eligible securities as well as restrictions on the purchase and sale of initial equity public offerings, as described in more detail in each Client's governing documents. See also Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Registrant.

In the past, in lieu of the Main Fund's General Partner's withdrawing such amounts directly from such General Partner's capital account, the Special Profit Allocation has been converted to limited partnership interests in the Onshore Fund to be held by members of the General Partner (the "GP Persons"). The Main Fund's General Partner has in the past and expects in the future to allow the GP Persons to withdraw amounts attributable to such GP Persons' share of the Special Profit Allocation and amounts that have appreciated therefrom from their Onshore Fund limited partner capital accounts at any time, including where such withdrawal might otherwise be subject to notice periods and/or withdrawal restrictions (including applicable locks and gate terms) set forth in the Onshore Fund's governing documents. Such actions shall be taken pursuant to such General Partner's ability under the Onshore Fund's governing documents to waive such requirements and restrictions, which may not be granted to other limited partners in the Onshore Fund. The granting of such waivers are given in accordance with the Registrant's internal policies and procedures and permit the Registrant to consider a variety of factors in determining whether to waive any such restrictions. The Registrant expects that in the future, the Main Fund's General Partner will retain its Special Profit Allocation in such General Partner's account in the Master Fund, and will make any withdrawals directly therefrom.

Item 7 – Types of Clients

The Registrant provides portfolio management services to pooled investment vehicles that are exempt from registration under the Investment Company Act.

Interests in the Clients are offered pursuant to applicable exemptions from registration under the Securities Act of 1933, as amended (the "1933 Act"), and the Investment Company Act and are sold exclusively to investors that are "qualified purchasers" as defined in the Investment Company Act. Investors in the Client include, among others, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

In general, the Registrant does not have a minimum size for a Client, but minimum investment commitments may be established for investors in a Client; however, the Registrant has the right to waive this minimum initial investment and permit investments below the minimum amounts set forth in a Client's governing documents.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

A. The Registrant seeks to make long-term investments in a concentrated portfolio of high-conviction ideas that provide asymmetric risk/reward opportunities to generate capital appreciation over three to five years. As a result, the Registrant applies a variety of analytical approaches and research tools in making investing decisions on behalf of its Clients. The investment decisions are based on considerations supported by the fundamental analysis of companies. The Registrant's due diligence process, which includes both pre-investment diligence and post-investment monitoring, typically includes, but is not limited to, the following:

- review of a business' historical and projected financial and operating results with a focus on cash flow generation;
- analysis of the industry and a business' competitors, including the structure of the industry, barriers to entry, competitive behavior, business models, drivers of demand, substitution threats, switching costs, relative cost structure and customer and supplier power and terms;
- interviews with people with knowledge of the company and underlying industry, including, management, customers, suppliers, competitors, industry consultants and other relevant parties;
- background checks on key members of the management team and, if necessary, board of directors;
- meetings with the management team and visits to stores, distribution centers, manufacturing plants and/or other facilities;
- review and analysis of any unique risk factors impacting the business, including a legal and regulatory review;
- assessment of corporate governance, as well as management compensation and alignment; and
- engagement of third-party experts or consultants to assist in the due diligence of specific factors related to the business, including operational improvement, competitive dynamics, technical assessments, appraisals, insurance coverage and environmental compliance.

There can be no assurance that the Registrant and its Clients will achieve their investment objectives or that investment strategies employed by the Registrant will be successful. The

Registrant's investment program is speculative and entails substantial risks, including risk of loss of the entire investment, a risk which the investors should be prepared to bear.

- B. (&C) The Clients invest in a broad range of investment instruments, (collectively, "Financial Instruments"), that include, but are not limited to, equity, equity-related, hybrid and credit securities that are traded publicly and privately in U.S. and non-U.S. markets. The Registrant invests a portion of the Clients' assets in illiquid securities, which generally are restricted securities of public and private companies. The Clients also engage in short selling, hedging and other investment strategies. Markets for such instruments fluctuate and the market value of any particular investment can vary substantially.

The investment activity that the Registrant conducts on behalf of its Clients is speculative and volatile and involves substantial risk. Each investment strategy, with the exception of that of a Co-Investment Vehicle focused on a specific issuer, is broad, and allows the Registrant to invest in a broad range of securities and industry sectors and in the securities of companies of all sizes. Below is a discussion of the material risks of significant investment strategies and primary investments of the Clients. For more information about a Client's risks, please see the governing documents for the particular Client.

Projections. A Client will from time to time rely upon projections, forecasts or estimates developed by the Registrant or an issuer of securities in which a Client invests or is considering making an investment concerning such issuer's future performance and cash flow. Projections, forecasts and estimates are forward looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Registrant's control. Actual events may differ from those assumed. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, market fluctuations and U.S. and non-U.S. business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results for a Client or the issuers of securities in which it invests will not be materially lower than those estimated or targeted.

Dependence on Management. A Client's success depends on the skill and acumen of the General Partner and the Registrant, and its Managing Partners. The Managing Partners expect to devote substantially all of their business time to the Registrant, but they may not devote all of their business time to the Clients' activities and devote a significant amount of time to other activities. If any of the Managing Partners should cease to participate in the Clients' activities, its ability to select attractive investments and manage its portfolio could be impaired severely. Further, the Clients cannot assure investors that: (a) it will achieve its investment objectives; (b) its investment strategy will prove successful; or (c) investors will not lose all or a portion of their investment in a Client.

Inside Information. The Registrant (through its representatives or otherwise) may receive information that restricts its ability to cause the Clients to buy or sell securities of a company for substantial periods of time when the Clients otherwise could realize profit or avoid loss. This may adversely affect the Clients' flexibility in buying or selling securities.

Limited Access to Information. The Registrant will provide to investors reports and other information regarding the condition and prospects of a Client and the investments in which it has invested. The Registrant's duties, obligations and liability to investors with respect to the content, completeness and accuracy of such information will be determined solely under the operating agreement of the Client. In connection with monitoring a Client's investments, the Registrant may obtain material information that will not be disclosed to investors, and such information may be material to determining the value of such investments. Such information may be withheld from investors in order to comply with duties to such companies or applicable law, or otherwise to protect the interests of portfolio companies or the Client. In addition, subject to applicable law, the Registrant may agree to provide one or more investors with special rights to additional information about a Client (including portfolio and/or information about investments of the Client).

Investment Risks. The markets for the Clients' investments fluctuate and the market value of any particular investment may vary substantially. In addition, such investments may be issued by unseasoned companies and may be highly speculative. The Clients' investment portfolios may not generate any income or appreciate in value. The Registrant can never learn all relevant information regarding a company or a security. Further, the Registrant may misinterpret or incorrectly analyze the information that it has about a particular company or security. These and other factors may cause the Registrant to (a) invest in securities at times that will lead to losses and may cause an investor to lose a significant portion of its investment in a Client or (b) refrain from investing in particular securities at times that would have resulted in gains if the Registrant would have caused the Client to invest.

Private Equity. Private equity investment involves an extraordinarily high degree of business and financial risk and can result in substantial or complete losses. Many portfolio companies may be operating at a loss or with substantial variations in operating results from period to period. These companies may need substantial additional capital to support expansion or to achieve or maintain competitive positions. These companies may face intense competition, including competition from companies with much greater financial resources, much more extensive development, production, marketing and service capabilities, and a much larger number of qualified managerial and technical personnel. Any such portfolio company may fail.

Significant Volatility. The Clients' investments in illiquid securities and securities of companies with small or mid-sized market capitalizations may involve significant business and financial risk and can result in substantial or complete loss. Even if the securities of such companies are sold publicly, the public trading markets for those securities may be extremely volatile from day to day or from period to period. Additionally, a Client may invest in portfolio companies that experience substantial variation in operating results from period to period, and the Client's portfolio may be concentrated in only a few issuers or only a single issuer, depending on the strategy of the Client. Additionally, all of the issuers could be in the same business, industry or geographic region, increasing the volatility and risk of the Client's portfolio.

Valuation. The General Partners and the Registrant determine the value of the Clients' securities, including thinly traded securities, whether or not a public market exists for securities of the same class or type. When estimating fair value, the General Partners and the Registrant will apply a methodology based on their best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the General Partners and the Registrant. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and 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 Client's assets.

With respect to certain Clients, the exercise of discretion in valuation by the Registrant gives rise to conflicts of interest, as valuations impact the Registrant's track record, and, if applicable, the Special Profit Allocation for the Client is calculated based, in part, on these valuations. Specifically, if the valuation of any such securities is inaccurate, the General Partner or the Registrant might receive a Special Profit Allocation and a Management Fee that are greater than the allocation and fee to which they would otherwise be entitled. The Registrant may not be able to effectively manage the Clients' investment portfolios, diversification and other internal guidelines and risks if the Clients' portfolios are inaccurately valued. Any such inaccuracy could affect investors adversely.

Conflicts Between Illiquid Securities and Publicly Traded Securities Portfolios. At times there may be a conflict between the effect of investment decisions for the portfolio comprised of publicly traded securities and the portfolio comprised of illiquid securities, and such conflict may exist within the same Client or otherwise. Because certain investors do not participate in the illiquid securities portfolio, these conflicting outcomes may wind up benefiting one class of investors over another. For example, a Client may participate in a transaction in which a public company is taken private. If a Client holds the publicly traded securities of that company, certain investors with exposure to the publicly traded portfolio would benefit from a higher purchase price, while other investors with exposure to the illiquid portfolio may benefit from a lower purchase price.

Investment in Small and Medium Capitalization Companies. Although one or more Clients may invest in companies of all sizes, one or more Clients will invest a portion of its assets in the securities of companies with small to mid-sized market capitalizations, including growth stage companies. While the Registrant believes they often provide significant potential for appreciation, such securities, particularly of companies having small-capitalization, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of securities of small-capitalization and even mid-capitalization companies are often more volatile than prices of securities of large-capitalization companies, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid. Some small companies in

which one or more Clients may invest may also lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small players in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Portfolio Turnover. A Client may have higher portfolio turnover than other investment funds. One or more Clients has not placed any limit on the rate of portfolio turnover, and securities may be sold without regard to the time they have been held when, in the opinion of the Registrant, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater brokerage commissions and other transaction and trading costs than a lower rate. Other trading costs include “implicit” costs such as paying the bid/offer spread in transactions and/or incurring an average execution price over time that is worse (potentially substantially) than the prevailing market price at the time of the order creation. As a result, one or more Client’s performance will be particularly sensitive to changes in the fees and other costs charged or incurred (directly or indirectly) by such Client in connection with its trading activity (e.g., fees charged by prime brokers, executing brokers and exchanges, clearinghouses and other trading venues). A high rate of portfolio turnover may act to reduce a Client’s investment gains, or create a loss for investors and may result in taxable costs for investors depending on the tax provisions applicable to such investors.

Long-Term Nature of Investments; Retention of Proceeds. One or more Clients is intended for long-term investment and for investors who can accept the risks associated with making speculative investments in a small number of investments. Although one or more Clients may earn current dividends on some of its public investments, such dividends will not be distributed, and it is expected that invested capital will not be realized for a significant period of time after initial investment.

Limited Liquidity of Investments. One or more Clients may invest in thinly traded securities, securities that may not be traded at the time such Client invests or securities that may cease to be traded after such Client invests. One or more Clients also may take positions in particular securities that are relatively large as compared to trading volumes or overall market capitalization. In such cases and in the event of extreme market activity, one or more Clients may not be able to liquidate its investments promptly if necessary. In addition, a Client’s sales of thinly traded securities are likely to depress the market value of such securities and thereby reduce such Client’s profitability or increase its losses. It is also possible that an exchange or governmental authority may suspend or restrict trading on an exchange or in particular securities or other instruments traded on the exchange. Such circumstances or events could affect a Client’s gain or loss materially and adversely.

One or more Clients has in the past and may in the future invest in restricted securities that are subject to substantial holding periods or that are not traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market

prices of similar securities that are publicly traded. Such restricted securities may not be eligible to be traded on a public market even if a public market for securities of the same class were to exist or develop. Restricted securities cannot be sold without being registered under the 1933 Act, unless they are sold pursuant to an exemption from registration (such as Rules 144 or 144A). It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public markets. Privately placed securities, bank loans and other instruments that are not readily marketable are subject to other legal or contractual restrictions on resale. A Client 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 Client might obtain a less favorable price than that which prevailed when it decided to sell. A Client may be unable to sell restricted and otherwise illiquid securities at opportune times or at prices approximating the value at which such securities were purchased.

If it sells its securities in a registered offering, a Client may be deemed to be an “underwriter” for purposes of Section 11 of the 1933 Act. As an underwriter, the Client 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 the Client may have a due diligence defense.

Certain derivative instruments, and in particular, caps, floors and collars, may also have varying liquidity and/or pricing availability. Short sales are particularly subject to liquidity risk because a Client's purchase of 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. A Client is also exposed to liquidity risk when it has an obligation to purchase particular securities (for example, as a result of entering into reverse repurchase agreements, writing a put, or closing out a short position).

The lack of liquidity and market depth, and the other risks described above, could disadvantage a Client, both in the realization of the prices which are quoted and in the execution of orders at desired prices or in desired quantities. Less liquid securities also may fall more in price than other securities during periods when markets decline generally. Also, because securities may be difficult to value, the values realized on their sale may differ from the values at which they are carried by a Client. There is no guarantee that such valuation will represent the value that will be realized by a Client on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Public Company Holdings. Certain Clients' investment portfolios contain securities and debt issued by publicly held companies. Such investments may subject the Client 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 compliance costs, including obligations to disclose information regarding such companies, limitations on the ability of the Client to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation, and insider trading allegations against such companies' board members (which may include

individual members of the Client's General Partner and Registrant) and increased costs associated with each of the aforementioned risks.

Joint Ventures. One or more Clients hold a portion of their investments through partnerships, joint ventures, securitization vehicles or other entities with third-party investors. Joint venture investments involve various risks, including the risk that the Client will not be able to implement investment decisions or exit strategies because of limitations on the Client's control of the property under applicable agreements with joint venture partners, the risk that a joint venture partner may become bankrupt or may at any time have economic or business interests or goals that are inconsistent with those of the Client, the risk that a joint venture partner may be in a position to take action contrary to the Client's objectives, the risk of liability based upon the actions of a joint venture partner and the risk of disputes or litigation with such partner and the inability to enforce fully all rights (or the incurrence of additional risk in connection with enforcement of rights) one partner may have against the other, including in connection with foreclosure on partner loans because of risks arising under state law. In addition, the Client may be liable for actions of its joint venture partners.

Preferred Securities Risk. In addition to credit risk, investment in preferred stocks, preferred trusts and other preferred securities involves certain other risks. Certain preferred securities contain provisions that allow an issuer under certain conditions to skip or defer distributions. If a Client owns a preferred security that is deferring its distribution, it may be required to report income for tax purposes despite the fact that it is not receiving current income on the position. Preferred securities often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer's call. In the event of redemption, the Client may not be able to reinvest the proceeds at comparable rates of return. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If the Client owns a preferred security that is deferring its distributions, the Client may be required to report income for tax purposes even if it has not yet received such income. Preferred securities are subordinated to bonds and other debt 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 debt securities. Preferred securities 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, corporate debt securities and U.S. government securities.

Investments in Distressed Companies. The Clients invest in securities and claims and obligations of domestic and foreign issuers that are experiencing significant financial or business difficulties (including companies involved in bankruptcy or other reorganization and liquidation proceedings). Such investments involve substantial risks not normally associated with investments in better-performing companies, including adverse business, financial or economic conditions that can lead to defaults and insolvency proceedings. Frequently it may be difficult to obtain information about such entities' true condition. Troubled company investments also may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, equitable subordination, lender

liability and the bankruptcy court's discretionary power to disallow, reduce, subordinate or recharacterize debt as equity or to disenfranchise particular claims. Such companies' obligations may be considered speculative. The ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or company-specific developments. In addition, there is no minimum credit standard for the Clients' investments. The level of financial and legal analytical sophistication necessary for companies experiencing significant business and financial difficulties is unusually high.

Leverage in Derivatives. Certain Clients trade in derivative instruments, which can result in large amounts of leverage. The leverage offered by trading in derivative instruments will magnify the gains and losses experienced by a Client and could result in the losses being substantially greater than the amount invested in the derivative itself. In addition, such leverage could cause a Client's net asset value to be subject to wider fluctuations than would be the case if the Client did not use leverage in derivative instruments. Sudden changes in market conditions or other factors could force the Client to liquidate assets quickly at inopportune times, and not for what the Registrant perceives to be their fair value.

Leverage by Portfolio Companies. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Portfolio companies will from time to time incur significant leverage, including without limitation as a result of borrowing at one or more levels of the corporate structure or implicit leverage as a result of derivative transactions, as a result of which recessions, operating problems, and other general business and economic risks may have a pronounced effect on the profitability or survival of the leveraged companies in which a Client invests. In using leverage, these companies may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Also, a company with substantial leverage may be at risk of increases in interest rates and therefore increases in interest expenses, and may be more sensitive to declines in revenues and to increases in other expenses. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by a Client may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss. In the event any company in which a Client invests cannot generate adequate cash flow to meet debt service, the Client may suffer a partial or total loss of capital invested in such company. As a general matter, the presence of leverage can accelerate losses.

A Client's ability to achieve attractive rates of return on investments may depend on the ability of companies in which it invests to access sufficient sources of debt at attractive rates, including at the time of the Client's investments, during its lifetime, and at the time of disposition by the Client. However, availability of capital from the debt markets is subject to volatility from time to time, and there may be times when the Client and companies in which it invests might not be able to access those markets at attractive rates,

or at all, when completing an investment. Use of leverage by a Client (or any of the companies in which it invests) may generate UBTI.

Lack of Control. A Client's investments in public investments and in certain private investments will represent a minority position in the applicable portfolio company, without power individually to exert significant control over such portfolio company's board of directors, management, operations and strategic direction. Such portfolio companies may have goals not completely aligned with those of a Client, and a Client may not be in a position to limit or influence actions taken by such portfolio companies, or otherwise protect the value of a Client's investment in such portfolio companies. In such cases, the Client will rely significantly on the management and boards of directors of such companies, which may include representatives of other investors with whom the Client is not affiliated and whose interests or views may conflict with those of the Client. Although engaging in a specific transaction or sale of an entire portfolio company may be a beneficial disposition for a Client, the majority holder or holders of interests in the portfolio company may prevent the portfolio company from entering into such transactions, which could result in the Client's investments being frozen in minority positions that incur substantial losses. Therefore, there can be no assurance that the Client will be able to realize the value of its investments or distribute proceeds from a sale or disposition of a portfolio company in a timely manner.

From time to time the Registrant may seek to cause a Client to acquire enough of a company's shares or other equity to enable the Registrant, together with the members of any group with which the Registrant is acting, to influence the company to take certain actions. If investors submit withdrawals with respect to a substantial portion of a Client's net asset value, the General Partner of such Client may be unable to acquire holdings of the shares or other equity issued by such company. This may adversely impact, or even eliminate, the Registrant's (or the group's) ability to influence such changes and, thus, to influence and increase shareholder value, which may adversely affect a Client.

Reliance on Portfolio Company Management. Although the Registrant will monitor the performance of each investment, it will be the responsibility of each portfolio company's management team to operate the portfolio company's business on a day-to-day basis. The Registrant generally intends to invest in companies with strong management, however, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in a manner that maximizes the value of the company's business and operations. A portfolio company may depend on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would significantly adversely affect the portfolio company's performance.

Cash Balances. A Client's assets may exceed the availability of investment opportunities the Registrant deems appropriate in light of market conditions, the objectives of the Client or the ability and resources of the Registrant to manage a portfolio beyond a given size. If an inordinately large portion of a Client's assets is held in cash or similarly liquid form, the performance of the Client may be adversely affected. The capital of a Client may

change significantly from time to time on account of capital contributions or withdrawals by investors.

Cash and Other Investments. A Client may invest all or a portion of its assets in cash or cash items for investment purposes, pending other investments or as provision of margin for futures or forward contracts. These cash items must be of high quality at the time of investment and may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers deemed to be creditworthy by the Registrant. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by the Registrant at the time of investment.

Additional Capital Needs. After a Client makes an initial investment in a portfolio company, that company may require additional funding (to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons), or the Client may have the opportunity to increase its investment in a successful portfolio company (if any are successful). For example, portfolio companies are subject to the risk that a proposed service or product cannot be developed successfully with the resources available to the enterprise. The development efforts of any portfolio company may fail, or may not be completed within the budget or time originally estimated. Additional funds may be necessary to complete such development, and such funds may not be available. There can be no assurances that a Client will make any follow-on investments or that a Client will have sufficient funds to make all or any such investments. Any decision by a Client not to make follow-on investments, or a Client's inability to make them, may have substantial adverse effects on portfolio companies in need of such investment (including an event of default under applicable debt documents in the event an equity cure cannot be made), may result in missed opportunities for a Client to increase its participation in successful ventures, may result in the dilution of a Client's ownership in portfolio companies to the extent that third parties invest in such portfolio companies, or may cause a decrease in the value of a Client's portfolio.

Risks Relating to Due Diligence of and Conduct at Companies in which a Client Invests. Before making investments in any particular company, a Client will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence and making an assessment regarding a potential investment, a Client will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations and/or consumer surveys. The due diligence investigation that a Client carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. In addition, at times, a Client's transaction opportunities will

require rapid execution and investment analyses, and decisions by the Registrant may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Registrant at the time of making an investment decision may be limited, and the Registrant may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the Registrant will have knowledge of all circumstances that may adversely affect an investment. Moreover, such an investigation will not necessarily result in the investment being successful. Outside consultants, legal advisors, accountants, investment banks and other third parties are likely to be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to a Client's reduced control of the functions that are outsourced. A General Partner and the Registrant may rely on the findings of these third-party advisors or consultants in making investment and management decisions. Such third parties do not owe any fiduciary duties to the Clients or their investors, yet may be entitled to indemnification under the terms of their respective service contracts or other arrangements made with the General Partner and/or the Registrant, and the costs and expenses of such indemnification would be borne by the Client. In addition, if a Client is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Registrant, a general partner or their respective affiliates or service providers could cause significant losses to a Client. Misconduct may include entering into transactions without authorization, including transactions that present unacceptable risks; the failure to comply with operational and risk procedures, including due diligence procedures; misrepresentations as to investments being considered by a Client; the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of a Client; noncompliance with applicable laws or regulations; and the concealing of any of the foregoing (which may result in unknown and unmanaged risks or losses). Such activities may result in reputational damage, litigation, business disruption and/or financial losses to a Client. The Registrant has controls and procedures in place reasonably designed to identify and prevent such misconduct and to select reliable third-party providers and employees. However, no assurances can be given that such controls and procedures will be successful in all cases or that the Registrant will be able to identify or prevent such misconduct.

Inadvertent trading on material non-public information could have material adverse effects on the Registrant's reputation, result in the imposition of regulatory or financial sanctions and, as a consequence, negatively impact the Registrant's ability to perform its investment management services on behalf of a Client. The Registrant maintains a code of ethics that limits its employees' ability to engage in personal trading and allows the Registrant to monitor for such activity.

Financial Fraud by Companies in which a Client Invests. There can be no assurance that a Client will be able to detect or prevent irregular accounting, employee misconduct or other

fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by a Client will be adequate. In the event of fraud or other misconduct or deceptive practices by any company in which a Client invests, the management of such company, or any of their affiliates, a Client may suffer a partial or total loss of capital invested in that company. For example, the possibility of material misrepresentation or omission on the part of the company or the seller may adversely affect the value of a Client's investment in such company. A Client will rely upon the accuracy and completeness of representations made by the company in which it has invested or will invest and in certain instances such company's owners in the due diligence process when it makes its investments, but cannot guarantee the accuracy or completeness of such representations. In addition, conduct occurring at companies in which a Client invests, even conduct that occurred prior to a Client's investment therein, could have an adverse impact on the Client.

Portfolio Company Pension Liability and Other Considerations. As a result of its equity ownership, representation on the board of directors and/or contractual rights, a Client may be deemed to control, participate in the management of or influence the conduct of one or more of its portfolio companies. This could expose the assets of a Client to claims by a portfolio company, its other security holders, its creditors or governmental agencies. In addition, if a Client holds 80% or more of the interests in a portfolio company and the Client is found to be a "trade or business" under the Employment Retirement Income Security Act of 1974, as amended ("ERISA"), a court could find that the Client is jointly and severally liable with the portfolio company for any withdrawal liability with respect to a multiemployer pension plan from which the portfolio company withdraws or is deemed to have withdrawn. This is currently an unsettled area of law, which is subject to recent litigation in the First Circuit Court of Appeals and ongoing litigation in the district courts, and significant questions remain regarding the potential application of these theories to similar factual situations. If a Client were to be deemed a "trade or business" with the requisite level of ownership of an investment, either alone or in concert with other investors, the Client could face liability with respect to the pension plans of its portfolio companies. In addition, it is possible that a court could expand this theory to cause multiple portfolio companies of a Client to be treated as a controlled group or under common control, and thereby be liable for these funding obligations.

Non-U.S. Investments. A Client can invest in businesses outside the United States. Investing in non-U.S. securities involves risks relating to (i) currency exchange matters, including fluctuations in the rates of exchange and costs associated with currency conversion; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and varying degrees of government and industry supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. In addition, laws and regulations of foreign countries may impose

restrictions that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S.

General Risks of Fixed-Income Related Investments. A Client may invest in fixed-income securities. Most of these investments are subject to risks such as inflation risk, limited liquidity of interests and the other risks described below.

(a) Interest Rate Risk. Fixed-income investments decline in value because of changes in market interest rates. When interest rates decline, the value of a portfolio invested in fixed-income securities can be expected to rise.

Conversely, when interest rates rise, the value of a portfolio invested in fixed-income securities can be expected to decline. During periods of rising interest rates, the average life of certain types of securities in which a Client may invest may be extended because borrowers choose not to repay principal on the loans to take advantage of a below market interest rate. This increases the security's duration (the estimated period until the security is paid in full) and reduces the value of the security. This is known as extension risk. During periods of declining interest rates, an issuer of fixed-income securities may exercise its option to prepay principal earlier than scheduled, forcing the Client to reinvest in lower yielding securities. This is known as call or prepayment risk. Lower-grade securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem a lower-grade obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the issuer's credit standing.

(b) Interest Rate Hedging. The Registrant may seek to hedge a Client's interest rate risk. The successful use of swaps, caps and floors to preserve the rate of return on a portfolio of financial instruments depends on the Registrant's ability to predict correctly the direction and extent of movements in interest rates. If the Registrant's judgment about the direction or extent of the movement in interest rates is incorrect, the Client's overall performance will be worse than if it had not entered into any such transactions. For example, if a Client enters into an interest rate swap or an interest rate floor to hedge against its expectation that interest rates will decline but instead interest rates rise, the Client will lose part or all of the benefit of the increased payments it would receive as a result of the rising interest rates because of the amounts it will be required to pay its counterparty under the swap agreement or because of the purchase price it will have paid for the interest rate floor.

(c) Credit Support Risk. Some fixed-income securities are guaranteed by government-related guarantors and private guarantors. None of the guarantees issued by the guarantors (other than those issued by the Government National Mortgage Association) are backed by the full faith and credit of the U.S. government. Therefore, if the financial condition or the credit rating of any such guarantor deteriorates, the value of any fixed-income security that a Client holds that is guaranteed by any such institution may decline in value.

(d) Credit Rating Risk. A credit rating agency is a private company that assigns credit ratings to certain types of fixed-income obligations. Such ratings measure credit worthiness and affect the value of those securities and loans. Credit rating agencies include Moody's Investors Services, Fitch Ratings and Standard & Poor's. A Client may, but is not required to, use credit ratings to evaluate securities.

Ratings assigned to fixed-income securities by credit rating agencies are intended to indicate different levels of risk that a fixed-income security will pay its principal and interest to investors on a timely basis. They do not, however, evaluate the market value risk of lower-quality securities, and therefore, may not fully reflect the true risks of an investment. Ratings are based on various factors, such as the fixed-income security's seniority in the capital structure of a particular issuer, credit characteristics, collateral composition, if any, degree of diversification, weighted average life of the collateral, if any, and the legal structure of the issuer. Such ratings are subject to limitations. An issuer's rating is heavily weighted by historical data and does not necessarily reflect future conditions. For example, there may be a lag between the time a rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in credit risk of securities within each rating category. For example, securities rated BBB+, BBB or BBB- by Standard & Poor's and Fitch Ratings or Baa1, Baa2 or Baa3 by Moody's Investor Services are considered to be investment grade, but to have speculative characteristics. For securities with these ratings, sustained periods of deteriorating economic conditions or rising interest rates are more likely to lead to a weakening in the issuer's capacity to pay interest and repay principal than in the case of higher-rated securities.

In addition, the rating agencies may have difficulties in rating mortgage-related securities through different economic cycles and in monitoring such ratings on a longer-term basis. If rating agencies incorrectly rate, or downgrade ratings on, mortgage-related securities, the value of the securities may decrease substantially. Like mortgage-backed securities, if rating agencies incorrectly rate, or downgrade ratings on, asset-backed securities, the value of the securities may decrease substantially.

U.S. Government and Agency Securities. Certain Clients invest in debt securities issued or guaranteed by certain U.S. government agencies, instrumentalities and sponsored enterprises. Some U.S. government securities, such as Treasury bills, notes and bonds, and mortgage-backed securities guaranteed by Ginnie Mae, are supported by the full faith and credit of the United States; others are supported by the right of the issuer to borrow from the U.S. Treasury; others are supported by the discretionary authority of the U.S. government to purchase the agency's obligations; and still others are supported only by the credit of the instrumentality. Although U.S. government-sponsored enterprises, such as Fannie Mae and Freddie Mac, may be chartered or sponsored by Congress, they are not funded by Congressional appropriations, and their securities are not issued by the U.S. Treasury or supported by the full faith and credit of the U.S. government and involve increased credit risks. In addition, certain governmental entities have been subject to regulatory scrutiny regarding their accounting policies and practices and other concerns that may result in legislation, changes in regulatory oversight and/or other consequences

that could adversely affect the credit quality, availability or investment character of securities issued by these entities.

High Yield Securities. A Client may make investments in “high yield” debt and preferred securities which are “non-investment grade” (i.e., unrated or rated below the four highest categories by Standard & Poor’s or Bal or lower by Moody’s Investors Service). Non-investment grade securities are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such Securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities. Non-investment grade securities are often referred to in the financial press as “junk bonds” and may include securities of issuers in default. “Junk bonds” are considered by the rating agencies to be predominately speculative and may involve major risk exposures such as: (i) vulnerability to economic downturns and changes in interest rates; (ii) sensitivity to adverse economic changes and corporate developments; (iii) redemption or call provisions which may be exercised at inopportune times; and (iv) difficulty in accurately valuing or disposing of such securities.

Convertible Securities. Certain Clients have in the past and may in the future invest in convertible securities, which are debt securities or preferred equity securities that are exchangeable for other debt or equity securities of the issuer at a predetermined price. Convertible securities entitle the holder to receive interest payments paid on corporate debt securities or the dividend preference on preferred equity securities until such time as the convertible security matures or is redeemed or until the holder elects to exercise the conversion privilege. As a result of the conversion feature, convertible securities typically offer lower interest rates than if the securities were not convertible. It is possible that the potential for appreciation on convertible securities may be less than that of a common stock equivalent. To the extent a Client invests in “non-investment grade” convertible securities, there would be greater risk as to timely repayment of the principal of, and timely payment of interest or dividends on, those securities. Also, in the absence of adequate anti-dilution provisions in a convertible security, dilution in the value of a Client’s holding may occur in the event the underlying stock is subdivided, additional securities are issued, a stock dividend is declared or the issuer enters into another type of corporate transaction which increases its outstanding securities.

Credit Market Illiquidity. Credit markets experienced an extended period of significant lack of liquidity beginning in 2007 and may experience such periods of significant lack of liquidity in the future. While lack of liquidity may create opportunities for a Client to acquire assets at prices that the Registrant believes are attractive, it also creates a number

of risks. There can be no assurance that an illiquid market will, in the future, become more liquid and such a market may well continue to be volatile for the foreseeable future. It is also possible that illiquidity in the market could cause prices to decline further, which may force a Client, to the extent it is leveraged, or other leveraged investment vehicles, to sell assets to satisfy requirements under their borrowing arrangements or to meet margin calls, which could, in turn, create further downward price pressure. If there is a substantial decline in the market value of a Client's portfolio of investments, investments may need to be liquidated quickly, and may not be liquidated at what the Registrant perceives to be fair value. Upheavals in the credit markets may cause margin borrowing costs and securities borrowing costs to increase or to make such arrangements unavailable. Such increases in borrowing costs may impact a Client's ability to utilize leverage and generate returns.

Options and Commodity Interests. The Clients can use both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, other commodity interests, swaps, options and contracts for differences. These instruments can be highly volatile and expose the Clients to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the Clients' funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited.

Documentation Risk. A Client may also be exposed to documentation risk, which is the risk that ambiguities, inconsistencies or errors in the documentation relating to a derivative transaction may lead to a dispute with the counterparty or unintended investment results. Because the contract for each over-the-counter derivative transaction is individually negotiated, the counterparty may interpret contractual terms (e.g., the definition of default) differently than the Client, and if it does, the Client may decide not to pursue its claims against the counterparty to avoid the cost and unpredictability of legal proceedings. The Client, therefore, may be unable to obtain payments the Registrant believes are owed to the Client under derivative instruments or those payments may be delayed or made only after the Client has incurred the cost of litigation.

Short Sales. A Client can sell securities short. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that a Client must pay for the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Client's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

No Control over Portfolio Issuers. The Clients can acquire substantial positions in the securities of particular companies. Nevertheless, the Clients are unlikely to be represented on the board of directors or share any control over the management of any such company.

The success of each investment depends on the ability and success of the management of that company, in addition to economic and market factors.

Concentration of Investments; Lack of Diversification. Unlike many investment funds that, as a matter of investment policy, diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one industry or group of industries, the Clients do not have fixed guidelines for diversifying their investments and do not intend to have a diversified portfolio. The Registrant expects to concentrate a Client's investment portfolio in industries and companies that it believes are consistent with the Client's investment strategy. To the extent a Client concentrates investments in a particular geographic region, security, investment sector or stage of investment, investments may become more susceptible to fluctuations in value resulting from adverse economic or business conditions applicable to such region, type of security, sector or stage of investment. Where there is concentration among investments such that they are subject to similar risks, and one or more such risks negatively impact the group of investments, other investments will have to disproportionately outperform in order for the Client to achieve its desired returns. Concentration within a limited number of industries or geographies will typically involve risks greater than those of investment funds that invest across a broader range of industries or geographies. In addition, due to the timing of an investor's investments, such investor's interest in the Main Fund's illiquid securities can exceed the percentage that the Registrant targets for the Main Fund's illiquid portfolio as a whole. As a result of this lack of diversification, a significant loss in any one position or in any industry that the Client has targeted for investment can have a material adverse effect on the value of the Client and its rate of return.

Disproportionate Returns. When a Client invests in illiquid securities, its General Partner allocates that investment among eligible investors in accordance with the relevant Client's operating agreement. Such investors admitted subsequent to such allocation of an investment in an illiquid security will not participate in such prior investment, but shall be eligible to participate in new illiquid securities investments on a go-forward basis. Such an investor's exposure to illiquid securities and the ratio between illiquid securities and publicly traded securities will depend upon when such investor's commitment is accepted by the Client and the amount of investments in illiquid securities made by the Client prior to and after that time. For example, if an investor is admitted to the Client and the Client has fully invested in illiquid securities, the opportunity for that investor to participate in investments in illiquid securities, if one develops at all, will be dependent upon realizations of existing investments in illiquid securities and may be significantly less than if the investor had been admitted to the Client at an earlier date. The returns to such investors on their investments in the Client may differ depending upon whether or not and to what extent they participated in particular investments in illiquid securities. Investors will have materially different returns on their investments in the Client depending on the investments in illiquid securities in which they participate.

Equity Risk. The market price of equity securities may go up or down, sometimes rapidly or unpredictably. Equity securities decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of

equity securities may decline due to general market conditions that are not specifically related to a particular company, 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. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control regulations, expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which the Registrant believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the Registrant anticipates. As a result, a Client may lose all or substantially all of its investment in any particular instance.

Securities Lending and Borrowing. A Client may lend securities to securities brokers and other institutions to earn additional income, or borrow securities from securities brokers or other institutions to enable short sales. If the other party becomes insolvent or bankrupt, the Client could experience delays and costs in recovering payment or the securities. If, in the meantime, the value of the securities changes, the Client could experience further losses. Security loans must be fully collateralized, and the Registrant may misjudge the creditworthiness of the other party to the transaction. If the borrower fails to provide the requisite amount of collateral, the loan automatically terminates, and the Client could use the collateral to replace the securities while holding the borrower liable for any replacement costs in excess of the collateral. On termination of the loan, the borrower is required to return the securities to the Client; any gains or loss in the market price during the loan period would inure to the Client. In the event of the bankruptcy of the other party to a securities loan, the Client could experience delays in recovering payment or the securities loaned. To the extent that the value of the Client's loaned securities has increased, the Client could experience a loss if such securities are not recovered.

General Real Estate Risks. Income from, and the value of, a Client's interest in real estate investments may be adversely affected by a number of factors that are generally applicable to most real estate, including: (i) the general economic climate; (ii) local conditions, such as oversupply of properties or a reduction in demand for properties in the areas in which they are located; (iii) competition from other properties; (iv) increases in operating costs (including insurance premiums, utilities and real estate taxes); (v) in the case of real property leased to one or more lessees, the ability of the lessees to make rent payments; (vi) the cost of compliance with existing or future regulations and the potential for liability under existing or future applicable laws, including changes in tax laws; (vii) interest rate levels, which could impact the ability to secure favorable permanent financing and in relation to which real estate is often valued, with an increase in interest rates causing a decrease in the market value of property; (viii) the availability of financing; (ix) fires and acts of God, including, without limitation, earthquakes, hurricanes and other natural disasters (which may result in uninsured and/or complete losses); (x) acts of war or terrorism; and (xi) other factors which are beyond the control of the Client in whole or in part. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when

circumstances cause a reduction in income from the property. Because real estate investments are relatively illiquid, a Client's ability to vary its portfolio promptly in response to economic or other conditions is limited. The relative illiquidity of its holdings could impede a Client's ability to respond to adverse changes in the performance of its investments. No assurances can be given that the fair market value of any assets acquired by a Client will not decrease in the future.

One or more Clients can invest in property classified as "multifamily", the value and operation of which may be affected by a number of additional factors, including, among others: (i) the location of the property; (ii) the services and amenities provided by the property and its age, condition, appearance, construction quality and other physical attributes; (iii) management's ability to provide adequate maintenance and insurance, and adequate property management, which if inadequate can lead to reputational damage and adverse operating resulting; (iv) access to transportation; (v) the level of mortgage interest rates, which may make the purchase of housing a more attractive alternative than leasing; (vi) the degree to which the tenant mix is dependent upon a particular segment or segments of the population (e.g., military personnel); (vii) the property's reliance upon governmental or rent subsidy programs; (viii) state and local regulations, which may affect the ability to increase rents or may have a negative impact on property operations or future acquisitions; (ix) in the event operations falter, breach of any applicable financing covenants; (x) tenant difficulties, including destruction of property and general disturbances, which can cause reputational damage and negatively impact community standing; and (xi) the ramifications of a pandemic, such as COVID-19, which could have a material negative impact on rent payments, expenses and turnover. Various laws and regulation regulate the relationship of a landlord and its tenants. These laws and regulations, to a greater or lesser extent, provide certain protections or rights for tenants or limit the landlord's ability to take action against a tenant in certain circumstances, including consumer protection statutes that prohibit certain landlord practices.

Investments in REITs. Clients can invest in a real estate investment trust ("REIT"). However, no assurance can be given that the investment will qualify or remain qualified as a REIT. Failure of the investment in any taxable year to qualify as a REIT will render the investment subject to tax on its taxable income at regular corporate rates, and distributions to equity-holders of the REIT in any non-qualifying years will not be deductible by the REIT. If status as a REIT is terminated, it generally may not be eligible to elect REIT status again prior to the fifth taxable year following the year in which it fails to qualify under the U.S. tax code as a REIT. The requirements for qualification as a REIT are extremely complex, and the investment's compliance with such requirements may depend on factors that are outside of its control or upon the resolution of legal issues for which guidance is lacking. Future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT. Any such change could adversely affect the investment's ability to qualify as a REIT or the federal income tax consequences of such qualification. Even if the investment continues to qualify as a REIT, it may be subject to federal income tax in certain circumstances.

Limited Liquidity of Interests in Clients. No market for interests in Clients exists or is expected to develop. It may be difficult or impossible to transfer any interests, even in an emergency. Further, there are substantial restrictions on capital withdrawals. The investors requesting withdrawal bear the risk of any decline in the value of the interests from the date of notice of withdrawal until the effective withdrawal date. The General Partner has the power to suspend and compel withdrawals.

Financial Market Fluctuations; Political Measures. Various sectors of the U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect a Client's investments and prospects materially and adversely. None of these conditions is within the Registrant's control, and it may not anticipate these developments. Credit markets can tighten significantly, and the stability of financial institutions can be affected by these economic conditions. As a result, securities markets are extremely volatile at times and investment funds can incur significant losses. These factors may affect the volatility of securities prices and the liquidity of a Client's investments. Unexpected volatility or illiquidity could impair a Client's profitability or result in losses and will also likely increase the risks inherent in a Client's investments. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for a Client and may affect a Client's ability to make investments and the value of the investments held by a Client. 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 and volatility (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. New regulations could limit a Client's activities and investment opportunities or change the functioning of capital markets. Unpredictable changes in social patterns and trends may have an impact on consumer behavior and create a negative effect on the profitability of a Client's investment program. The duration and ultimate effect of current market conditions and whether such conditions will worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more the issuers of securities in which a Client invests.

A Client's ability to realize investments depends not only on the issuers of securities in which it invests and their historical results and prospects, but also on political, market, social and economic conditions at the time of such realizations. In the past, many funds investing in private companies have looked to the public securities markets as a potential exit strategy, and there can be no assurance that a Client will be able to exit from its investments in portfolio companies by listing their shares on securities exchanges. The

trading market, if any, for the securities of both private and public issuers in which a Client invests may not be sufficiently liquid to enable a Client to sell these securities when the Registrant believes it is most advantageous to do so. Volatility in the financial sector may have a material adverse effect on the ability of a Client to buy, sell and partially dispose of its investments. A Client may be adversely affected to the extent that it seeks to dispose of any of its investments into an illiquid or volatile market, and a Client may find itself unable to dispose of investments at prices that the Registrant believes reflect the fair value of such investments. The ability of issuers of securities in which a Client invests to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise. Issuers of securities in which a Client invests may depend on the availability of capital financed from third parties and to the extent such capital is not available on reasonable terms or at all, those issuers that rely on such capital may be adversely impacted in a manner that they would not have been had they been able to access such capital. In addition, political measures taken in response to market practices or economic instability in the United States or abroad may have an adverse impact on a Client's investments.

Economic conditions also affect a Client's investment in fixed income securities. For example, an increase in overall interest rates will depress the investment value and consequently the price of any bonds that a Client holds. The value of these securities also may be affected by non-payment of interest due on them, or liquidation or dissolution proceedings with respect to their issuers.

Inflation Risk. Inflation is a sustained rise in overall price levels. Moderate inflation is associated with economic growth, while high inflation can signal an overheated economy. Inflation risk is the risk that the value of assets or income from investments will be less in the future as inflation decreases the value of money (i.e., as inflation increases, the values of a Client's assets can decline). Inflation poses a "stealth" threat to investors because it reduces savings and investment returns. Central banks, such as the U.S. Federal Reserve, generally attempt to control inflation by regulating the pace of economic activity. They typically attempt to affect economic activity by raising and lowering short-term interest rates. At times, governments may attempt to manage inflation through fiscal policy, such as by raising taxes or reducing spending, thereby reducing economic activity; conversely, governments can attempt to combat deflation with tax cuts and increased spending designed to stimulate economic activity. Inflation rates may change frequently and significantly as a result of various factors, including unexpected shifts in the domestic or global economy and changes in economic policies.

Inflation has and continues to affect the Clients' investments adversely in a number of ways. During periods of rising inflation, interest and dividend rates of any instruments held by a Client, portfolio companies or their affiliates could increase, which would tend to reduce returns to investors. Inflationary expectations or periods of rising inflation could also be accompanied by the rising prices of commodities which are critical to the operation of certain such issuers. During periods of high inflation, capital could flee to other asset classes, which could adversely affect the prices at which a Client is able to sell its investments. Portfolio companies in certain industries have fixed income streams and, therefore, could be unable to pay higher dividends. The market value of such investments

can decline in value in times of higher inflation rates. Some of a Client's investments could have income linked to inflation through contractual rights or other means. However, as inflation tends to affect both income and expenses, any increase in income might not be sufficient to cover increases in expenses.

Legal Risk, Litigation and Regulatory Action. The Clients, their General Partners, the Registrant and their affiliates are subject to a number of risks, including changing laws and regulations, developing interpretations of laws and regulations, and increased scrutiny by regulators and law enforcement authorities. Some of this evolution may be directed at the private fund industry in general or certain segments of the industry, and may result in scrutiny or claims against a Client, its general partner (or similarly situated entity), the Registrant and/or their affiliates directly for actions taken or not taken by such parties. In addition, the regulatory and tax environment for derivative securities and related instruments is evolving and may be subject to modification by government or judicial action, which may adversely affect the value of a Client's investments. These risks and their potential consequences are often difficult or impossible to predict, avoid or mitigate in advance, and might make some investment opportunities unavailable to a Client or result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against a Client, its General Partner, the Registrant and/or their respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm their reputations, which may adversely affect a Client's investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment. In addition, the securities market is subject to comprehensive statutes and regulations. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect on a Client, its general partner (or similarly situated entity), the Registrant and/or any affiliate of any such legal risk, litigation or regulatory action could be substantial and adverse.

Certain of a Client's investments may be materially adversely affected by such events in the future. In the longer term, there may be significant new regulations that could limit a Client's activities and investment opportunities or change the functioning of capital markets. As a result, there can be no assurance a Client will be able to achieve its investment objectives.

The enactment of these reforms or other similar legislation could have an adverse effect on the private investment funds industry generally and on the Registrant, a General Partner, or a Client specifically, and may impede a Client's ability to effectively achieve its investment objectives. Any further increases in the regulations applicable to private investment funds generally or a Client, a General Partner or the Registrant in particular may result in increased expenses associated with a Client's activities and additional resources of the Registrant being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for investors or have an adverse effect on the ability of a Client to effectively achieve its investment objectives.

Repurchase Agreements. Certain Clients have in the past and may in the future enter into repurchase agreements, by which the Client buys a security and simultaneously agrees to sell it back later at a predetermined price, or in reverse repurchase agreements, by which the Client sells a security and simultaneously agrees to buy it back later at a predetermined price. The repurchase date is usually within seven days after initiating the agreement. If the other party to a repurchase or reverse repurchase agreement becomes insolvent or bankrupt, the Client may experience delays and incur costs in recovering payment or the securities. If the value of the security purchased changes in the meantime, the Client could experience further losses. Repurchase agreements to which a Client is a party must be fully collateralized by its securities. Repurchase and reverse repurchase agreements can have effects similar to margin trading and other leveraging strategies.

Collateral Risk. A Client may post or receive collateral related to changes in the market value of a derivative. A Client also may invest in derivatives that (i) do not require the counterparty to post collateral, (ii) require collateral but that do not provide for the Client's security interest in it to be perfected, (iii) require significant upfront deposits unrelated to the derivatives' fundamental fair (or intrinsic) value, (iv) do not require that collateral be regularly marked-to-market, or (v) are traded in markets that lack a common clearing facility. When a counterparty's obligations are not fully secured by collateral, a Client runs a greater risk of not being able to recover what it is owed if the counterparty defaults. Even when derivatives are required by contract to be collateralized, a Client typically will not receive the collateral for one or more days after the collateral is required to be posted.

Stock Index Futures. Using stock index futures for hedging involves several risks. Price movement in the stock index and price movements in the securities that are the subject of the hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, a Client may not be able to liquidate unfavorable positions promptly and may lose money.

Other Instruments and Future Developments. A Client may take advantage of opportunities in the area of swaps, options on various underlying instruments and swaptions and certain other customized "synthetic" or derivative investments in the future. In addition, a Client may take advantage of opportunities with respect to certain other "synthetic" or derivative instruments which are not presently contemplated for use by the Client or which are currently not available, but which may be developed to the extent such opportunities are both consistent with the Client's investment objective and legally permissible for the Client. Special risks may apply to the Client's investments in the future.

Investors Excluded from Certain Investments. The General Partner from time to time excuses or excludes one or more investors from participating in an investment in certain issuers or issuers in certain industries if the investor so requests and the General Partner so agrees. In the event of the excuse or exclusion of one or more investors, the investors not excused or excluded from such investment may have more concentrated exposure to such issuers or issuers in certain industries. As a result of the adjustments described above, any

adjustment to the excused or excluded investors' interests in an investment may adversely affect not only such excused or excluded investors but also all other investors by potentially increasing their relative share of underperforming investments.

Side Letters. The General Partner of a Client can enter into side letters or other similar agreements with certain investors in connection with their admission to such Client with different or preferential rights or terms without the approval of any other investor. Such side letters or other similar agreements can alter and/or supplement the Client's investment terms in a manner that makes the terms applicable to such investors more favorable than those applicable to other investors. For example, some investors can receive the following terms and conditions that do not apply to other investors: a reduction, rebate or waiver of Management Fees, Special Profit Allocations or withdrawal fees to be paid by the investors (or other terms); rights to receive reports from a Client on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions of the Client); the addition of or forbearance from a term contained within the Client's operating agreement, the offering circular or the investor's subscription agreement to accommodate such investor's specific regulatory, tax, operational, legal or other concern; excuse rights applicable to particular investments; a modification of the right of the General Partner to make distributions in-kind; reporting obligations; waiver of certain confidentiality obligations; consent of the General Partner to certain transfers by such investor; and special rights to make future investments in the Client or other investment funds or accounts managed by the Registrant. Except as otherwise agreed with an investor or as required by applicable law, the Registrant (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Client. Also, investors will have no recourse against a Client, the applicable Client's General Partner, the Registrant or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors. In addition, side letter arrangements with certain investors of the Clients impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Client.

Cyber Security Breaches and Identity Theft. The Registrant, the Clients' service providers and other market participants depend on complex and often interconnected information technology and communications systems to conduct business functions. These systems are subject to a number of different threats and other risks that could adversely affect the Clients and their investors, despite the efforts of the Registrant and the Clients' service providers to adopt technologies, processes and procedures intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the Client and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of the Registrant, the Clients' service providers and counterparties, as well as the data stored by these systems, including investor

information. The Registrant and the Clients' service providers may be subject to ransomware or other attacks that could cause a substantial business disruption or loss of availability of data that could prevent the Clients and the Registrant from executing its investment strategy or accessing an account, which could lead to financial losses. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Registrant's systems to disclose sensitive information in order to gain access to the Registrant's data or that of the Clients' investors or to transfer funds to unauthorized third parties. A successful penetration or circumvention of the security of the Registrant's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, the Registrant or their service providers to incur regulatory penalties, reputational damage, additional compliance costs, increased insurance premiums or financial loss. In addition, the Registrant may incur substantial costs related to investigation and remediation of a cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks.

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

Derivatives Markets Risk. Counterparty risk with respect to derivatives will be affected by new rules and regulations affecting the derivatives market. Certain derivatives transactions are required to be centrally cleared, and (once centrally cleared) a party to a cleared derivatives transaction is subject to the credit risk of the clearing house and the clearing member through which it holds its cleared position, rather than the credit risk of its original counterparty to the derivatives transaction. Credit risk of market participants with respect to derivatives that are centrally cleared is concentrated in a few clearing houses, and the failure of a clearing house of centrally cleared derivatives has yet to occur; therefore, it is unclear what impact an insolvency of a clearing house would ultimately have on a Client or the financial system generally. A clearing member is obligated by contract and by applicable regulation to segregate all funds received from customers with respect to cleared derivatives transactions from the clearing member's proprietary assets. However, in the U.S., all funds and other property received by a clearing member from its customers with respect to cleared derivatives are generally held by the clearing member on a commingled basis in an omnibus account, and the clearing member may invest those funds on a limited basis in certain instruments permitted under the applicable regulations. Therefore, a Client might not be fully protected in the event of the bankruptcy of the Client's clearing member because the Client would be limited to recovering only a pro rata share of all available funds segregated on behalf of the clearing member's customers for a relevant account class. In addition, if a clearing member does not comply with the applicable regulations or its agreement with a Client, or in the event of fraud or misappropriation of customer assets by a clearing member, the Client could have only an unsecured creditor claim in an insolvency

of the clearing member with respect to the margin held by the clearing member. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits.

Institutional Risk; Custodians. Institutions, such as brokerage firms or banks (including custodians or any of a Client's affiliates rendering similar services to the extent permissible), may hold certain assets of a Client in their own name and in non-segregated accounts. As a result, a Client may be subject to credit risk with respect to such institutions and a Client may be treated as an unsecured creditor of any such counterparty in the event of such counterparty's insolvency. These factors may adversely affect a Client.

A Client's brokers or custodians will have custody of the Client's securities, cash, distributions and rights accruing to the client's securities accounts. SEC rules require the brokers to maintain possession and control of fully paid securities held in a Client's account and to establish certain reserves for the benefit of customers. However, subject to these limitations, the brokers generally have the ability to loan, pledge, and rehypothecate the securities in a Client's account, as is typical market practice, and may have insufficient assets to meet all of its obligations to customers in the event of an insolvency of the brokers. In such an event, the Client would typically not have a right to recover its securities held by the brokers, but would rather have only an unsecured claim against the brokers and participate pro rata with other customers of the brokers in the proceeds of the sale of customer securities. Also, even if the brokers do have sufficient assets to meet all customer claims, there could be a delay before a Client receives assets to satisfy its claims. In order to manage the risks associated with broker insolvency, a Client may establish relationships with multiple brokers. However, there can be no assurance that a Client will be able to establish or maintain such relationships. In addition, a Client may not be able to identify potential solvency concerns with respect to the Client's brokers or to transfer assets from one broker to another broker in a timely manner.

The brokers may hold a Client's securities through third parties such as clearing corporations, other brokers or banks. In addition, a Client may hold securities, cash and other assets directly with banks or other third parties not associated with the brokers. As a result, the Client may be subject to credit risk with respect to such third parties as well as with respect to the brokers. In addition, certain of a Client's assets may be held by non-U.S. affiliates of the Client's brokers and entities other than the brokers. Assets held by such non-U.S. affiliates may be subject to legal regimes that provide fewer or different investment protections than the United States (including with respect to the priority of any claims that a Client may have upon a bankruptcy, insolvency or liquidation of any affiliate, which may result in a Client being an unsecured creditor of such affiliate rather than having a priority "customer" claim). Placement of a Client's brokers in bankruptcy or a similar proceeding outside of the United States could result in a great deal of uncertainty as to the status of assets or the ultimate recovery, if any, of such assets held by such custodian.

A Client may change the brokerage or custodial arrangements at any time without notice to investors. There may be operational and other delays associated with changes in brokerage or custodial arrangements even if a Client decides to reduce the risks of having a particular broker or counterparty hold assets.

Custody and Banking Risks. The Clients will maintain funds with one or more banks or other depository institutions (“banking institutions”), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Clients, their portfolio companies, the General Partners and/or the Registrant transact may inhibit the ability of the Clients or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Clients may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Clients. In the event of such a failure of a banking institution where the Client or one or more of its portfolio companies holds depository accounts, access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Clients and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution’s assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Clients or their portfolio companies. One or more investors or the General Partners could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, the General Partners may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

Indemnification; Insurance. Subject to the limitations set forth in the operating agreement of each Client, a Client will be required to indemnify each indemnitee for liabilities incurred in connection with the affairs of the Client and otherwise as provided in the operating agreement. Such liabilities may be material and may have an adverse effect on the returns to investors. For example, in their capacity as directors of a portfolio company, the partners or affiliates of a General Partner may be subject to derivative or other similar claims brought by shareholders of such company. The indemnification obligation of a Client would be payable from the assets of the Client, including the unfunded commitments of investors. Such liabilities of a Client may not be resolved prior to the date that the Client is dissolved. Furthermore, as a result of the provisions contained in the operating agreement, including limitations on fiduciary duties, investors may have a more limited right of action in certain cases than they would in the absence of such limitations. Additionally, a General Partner may cause a Client to purchase insurance covering the Client, the General Partner, the Registrant and their employees, agents and representatives, and such insurance is likely to provide coverage to such persons even in circumstances where such persons would not be entitled to indemnification pursuant to the operating agreement.

Recourse to a Client’s Assets. A Client’s assets, including any investments made by the Client and any cash held by the Client, are available to satisfy all liabilities and other obligations of the Client, including indemnification obligations. The Registrant may

structure certain investments in which multiple Clients participate, including the Main Fund and Clients that co-invest with the Main Fund, such that the investment is made through special purpose vehicles that hold multiple investment assets, not all of which each such Client will have an interest in. If the Client or such structuring vehicle becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Client's or such vehicle's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. Accordingly, investors could find their interests in the Client's assets adversely affected by a liability arising out of an investment in illiquid securities in which they did not participate because, for example, they were excused or excluded by the General Partner, or, in the case of investors in a Co-Investment Vehicle because such Co-Investment Vehicle does not participate indirectly in all the investments held by such special purpose vehicle. In addition, to the extent the General Partner chooses to use special-purpose entities for individual transactions to reduce recourse risk (and it may, but will be under no obligation to use such entities), the bona fides of such entities may be subject to later challenge based on a number of theories, including veil piercing or substantive consolidation, in which case assets of such special-purpose entity may nevertheless be exposed to liabilities of other entities, notwithstanding the additional expenses incurred in operating such entity.

Risk of Receiving Distributions of Illiquid Securities. A Client may make distributions in kind. In the event that a distribution is of property other than cash, the amount of any such distribution will be accounted for as provided in the Client's operating agreement. Upon liquidation of a Client, securities or other assets of the Client may be distributed that are not marketable or are otherwise illiquid, where there is no readily available public market and with respect to which there are substantial transfer restrictions. The risk of loss and delay in liquidating securities or other assets distributed in kind will be borne by the investors, with the result that such investors may receive less cash than was reflected in the fair value of such securities as determined by the General Partner pursuant to the operating agreement, and the General Partner may receive more in Special Profit Allocation than it would have been entitled to had such securities been valued at the price at which they are ultimately disposed. In addition, when investments are distributed to investors in kind, such investors may become minority shareholders in the underlying companies and may be unable to protect their interests effectively. It may be difficult for investors to liquidate such securities received at an attractive price or within a desired time period, and significant administrative burden and cost may be involved in any such liquidation. Investors in receipt of such distributed securities will receive no guidance from the Client or the General Partner with respect to the disposition of such securities, including the timing of such disposition.

Master/Feeder Structure. One or more Clients has a master/feeder structure. The master/feeder structure may present certain risks to investors relating to actions and events taken by other feeders into the master fund. For example, if a large investor redeems a significant amount of assets from the master fund, the remaining investors may experience higher pro rata operating expenses, thereby producing lower returns. The master fund may also make "in kind" redemptions of its assets which may result in a less diversified portfolio of investments and could adversely affect the liquidity of the master fund's investment portfolio. Furthermore, the liquidity of one or more Clients is dependent upon the master

fund, and if the master fund suspends, delays, does not honor or forces redemptions, or reduces redemption requests, the Client intends to act similarly. The master fund also may be required to liquidate investments at an inopportune time which may adversely affect the master fund's, and consequently, the Client's, performance.

Diverse Membership. A Client is likely to have a diverse range of investors that may have conflicting interests stemming from various differences, including investment preferences, tax status and regulatory status. The General Partner will consider the objectives of the Client and its respective partners as a whole when making decisions with respect to the selection, structuring and sale of investments. However, it is inevitable that such decisions may be more beneficial for one investor than for another investor. In voting on matters related to the Client, each investor will be permitted to consider only its own interests and preferences, which may conflict with the interests and preferences of other investors, and no investor will owe a fiduciary duty to consider the interests of any other investors.

Without limiting the foregoing, investors in a Client may include U.S. taxable and tax-exempt entities and investors from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in the Client. The conflicting interests among the investors typically relate to or arise from, among other things, the nature of investments made by the Client, the structuring of the acquisition of publicly traded securities and illiquid securities and the structuring and timing of the disposition of the securities. As a consequence, conflicts of interest often arise in connection with decisions made by the Registrant or its affiliates, including with respect to the nature or structuring of investments in such securities, that are often more beneficial for certain investors than for other investors, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Client, the Registrant and its affiliates will consider the investment objectives and relevant tax considerations of the Client, not the investment, tax or other objectives of any investor individually.

Third-Party Advice. The Clients, the General Partners and the Registrant utilize the services of attorneys, accountants and other consultants and experts in their operations. The Clients, the General Partners and the Registrant generally rely upon such advisors for their professional judgment with respect to legal, tax and other regulatory matters. There exists a risk that such advisors may provide incorrect advice from time to time. None of the Clients, the General Partners or the Registrant will have any liability to any investors for any reliance upon such advice.

Environmental, Social and Governance Matters. While environmental, social or governance ("ESG") is only one of the many factors the Registrant will consider in making an investment, there is no guarantee that the Registrant will successfully implement and make investments in companies that create positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that the Registrant engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Registrant will depend on the Registrant's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be

no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Registrant's view of certain ESG-related and other factors, and carries the risk that the Registrant may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by the Registrant.

Consideration of ESG factors may affect the Registrant's exposure to certain investments, sectors, regions, countries or types of investments, which could negatively impact the Registrant's performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Registrant or any judgment exercised by the Registrant will reflect the beliefs or values of any particular investor. In evaluating a company, the Registrant is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the Registrant to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the Registrant's assessment of such practices may change over time.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and the Registrant's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. The Registrant's ESG policies could become subject to additional regulation in the future, and the Registrant cannot guarantee that its current approach will meet future regulatory requirements.

Market Disruption, Terrorism and Geopolitical Risk. Clients are subject to the risk that war, terrorism, climate change, social unrest and related and unrelated geopolitical and other new or novel market disrupting events as well as outbreaks of infectious disease, pandemics or any other serious public concerns (cumulatively, "Market Disruption Events") may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on the issuers of securities in which the Client invests. There is no guarantee that ordinary and prudent precautions for such events will provide an effective connection between the Registrant and markets in the event of large-scale disruptions in the United States or in the countries where the Registrant executes trades. Recent examples of Market Disruption Events include the global outbreak of COVID-19 in 2019, the Russian invasion of Ukraine in 2022 and the Hamas terrorist attack which led to the Israel-Hamas war in 2023. Additionally, Market Disruption Events as well as other changes in world economic, social and political conditions also are likely to adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Client's investments. At such times, a Client's exposure to a number of other risks described elsewhere in this section can increase. The Registrant's financial condition is likely to be adversely affected by a significant general economic

downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that are likely to have a material adverse effect on the Registrant's business and operations and thereby are likely to impact a Client. Moreover, a sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets is likely to adversely affect a Client's profitability, impede the ability of the Client's portfolio companies to perform under or refinance their existing obligations, and impair the Client's ability to effectively exit its investments on favorable terms. Any of the foregoing events are likely to result in substantial or total losses to a Client in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a particular portfolio company's capital structure.

Governments, including multi-jurisdictional bodies such as the European Union or United Nations, could implement sanctions as a result of such terroristic or war-related activities. Such sanctions (as well as countersanctions and voluntary withdrawals of businesses from certain markets) may be expanded and/or adjusted without notice, potentially impacting products and issuers which are a part of the Clients portfolios. The medium and long-term consequences of these events are highly uncertain and may result in material disruption to the Registrant and the Clients.

Market Disruption Events, as well as other events beyond the control of issuers of securities in which a Client invests (such as acts of God and natural disasters) may cause such issuers to be effected by force majeure events, which could adversely affect their ability, or the ability of their contractual counterparties, to perform certain contractual obligations until the force majeure event is remedied. The cost to a Client or an issuer of securities in which it invests of repairing or replacing assets damaged by a force majeure event could be substantial. Repeated or prolonged interruptions of contractual obligations resulting from a force majeure event may result in permanent loss of such issuer's customers, litigation, or penalties from regulatory or contractual non-compliance. Additionally, major regulatory intervention of an industry, including the assertion of control over a portfolio company or its assets, may result in a loss to a Client. Therefore, any effects of force majeure events, including any of the foregoing, may adversely affect the performance of a Client. Certain catastrophic losses, such as those caused by war, terrorist attacks, natural disasters and other acts of God may be uninsurable, or insurable only at such high rates that to have such coverage would adversely affect profitability of a Client or the issuers of securities in which it invests. In particular, it has become harder and more expensive to obtain coverage against losses incurred by terrorist attacks, and some insurers exclude losses caused by terrorist attacks from their all-risk policies altogether. Insurance proceeds from covered risks may be inadequate to completely or even partially cover resulting losses in revenues or increases in expenses. The occurrence of a significant loss for which a Client or the issuers of securities in which it invests are not insured, or where the cost of such loss significantly exceeds the insurance coverage, may adversely affect the Client and cause it to lose both invested capital and returns from an investment.

Risks Resulting from the United Kingdom's Exit from the EU. The United Kingdom left the European Union on January 31, 2020 (commonly referred to as "Brexit").

From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these

transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on a Client and its investments. Such changes could be materially detrimental to investors.

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

Data Protection Laws. Compliance with current and future privacy, data protection and information security laws, and the ways that these are applied or interpreted by regulators and courts, could significantly impact a Client's current and planned privacy and information security-related practices, as well as its collection, use, sharing, retention and safeguarding of personal data and some of its current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on the reputation of a Client, its General Partner, the Registrant and their affiliates.

Climate Change. The Clients can acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Clients' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Clients may be vulnerable to the following: risks of property damage to the Clients' investments; indirect financial and operational impacts from disruptions to the operations of the Clients' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties

previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

Public Health Emergencies. Any public health emergency, including but not limited to any outbreak, re-outbreak or mutation of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on a Client and its investments and could adversely affect the Registrant's ability to fulfill a Client's investment objectives. The extent of the impact of any public health emergency on a Client's investments and operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, unemployment levels, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency could materially and adversely impact the value and performance of a Client's investments, the Registrant's ability to source, manage and divest investments on behalf of a Client, and the ability to achieve a Client's investment objectives, all of which could result in significant losses to the Investors. In addition, the operations of a Client, its portfolio companies, and the Registrant could be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers.

Use of Alternative Data. The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense which may be borne by the Clients. The use of alternative data involves an inherent risk that the Registrant may rely on data outputs that reflect faulty system logic or that are based on inaccurate or incomplete data inputs. Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data for investment purposes, and its use or misuse under current or future laws and regulations could create liability for the Registrant or the Clients in various jurisdictions. In addition, any future limitations on the use of alternative data could have an adverse impact on the performance of the Clients.

Risks of Artificial Intelligence ("AI"). The Registrant's ability to use, manage and aggregate data may be limited by the effectiveness of its policies, systems and practices that govern how data is acquired, validated, used, stored, protected, processed and shared. Failure to manage data effectively and to aggregate data in an accurate and timely manner may limit the Registrant's ability to manage current and emerging risks, as well as to manage changing business needs and to adapt to the use of new tools, including AI. While the Registrant may restrict certain uses of third-party and open source AI tools, such as ChatGPT, the Registrant's employees and consultants and a Client's investments may use these tools, which poses additional risks relating to the protection of the Registrant's and such investments' proprietary data, including the potential exposure of the Registrant's or

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

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

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

Funds Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact a Client's reputation as well as its investment activities, thereby materially reducing returns to investors.

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

CFIUS & National Security/Investment Clearance. Certain investments by a Client that involve a business connected with or related to national security (including, without limitation, critical technology, critical infrastructure or sensitive data) may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators. In the event that CFIUS or another regulator reviews one or more of a Client's proposed or existing investments, it is possible that CFIUS or another regulator will seek to impose limitations on or prohibit one or more of a Client's investments or unwind a transaction. Such limitations or restrictions may prevent a Client from pursuing certain investments, cause delays with respect to consummating such investments or require a Client to consummate an investment on terms that are less advantageous than would be the case absent such restrictions. Where a Client is required to unwind a transaction, in addition to incurring additional legal, administrative and other costs, the Client may have to dispose of the investment at a price that is less than it would have received had the Client exited the investment at a different time or under different circumstances. Any of these outcomes could adversely affect the Client's performance with respect to such investments, and thus the Client's performance as a whole.

Anti-Corruption & Anti-Boycott Considerations. The U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act ("UKBA") and other anti-corruption and anti-bribery laws, as well as U.S. anti-boycott regulations, may impact a General Partner, a Client and a portfolio company. A Client may be adversely affected or miss out on opportunities because of its General Partner's unwillingness to participate in transactions that potentially violate such laws and regulations. Such laws and regulations may make it difficult in certain circumstances for a Client to act successfully on investment opportunities or to obtain or retain business. In recent years, U.S. regulators have been increasingly focused on private equity sponsors' compliance with the FCPA. Any determination that a General Partner, a Client, a portfolio company or any of their respective officers, directors or employees has violated the FCPA, the UKBA or other applicable anti-corruption laws, anti-bribery laws, or U.S. anti-boycott regulations, could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect a Client's business prospects and/or financial position, as well as the ability to achieve its investment objectives and/or conduct its operations.

Public Disclosures; Freedom of Information Act. Certain Investors or their beneficial owners will be subject to state public records or similar freedom of information laws, which may compel public disclosure of confidential information regarding a Client, investments of the Client and the other investors, and the Client may be required to disclose otherwise

confidential information. The amount of information about the investments made by certain investors that is required to be disclosed has increased over time, and that trend may continue. To the extent that disclosure of confidential information relating to a Client is required, the Client and its portfolio companies may be adversely affected. A General Partner may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors, unless such investors and the General Partner agree upon other mutually agreeable means of providing such information to the investor that would be legally sufficient to prevent such disclosure. Similarly, due to confidentiality concerns, certain issuers of securities may not permit a Client to fully disclose information regarding such issuer. Due to these considerations, a General Partner of a Client will not be able to provide information that an investor finds necessary to meet its own legal obligations. Conversely, potential future regulatory changes applicable to investment advisors and/or the accounts they advise could result in the Registrant and/or the issuers of securities becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain. There can be no assurance that any confidential information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise, including for purposes of complying with regulations or policies to which a Client, its General Partner, the Registrant, their affiliates, issuers of securities or service providers to any of them may be or become subject.

Pay-to-Play Laws, Regulations, and Policies. A number of states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If a General Partner, the Registrant, or their respective employees or affiliates fail to comply with such pay-to-play laws, regulations or policies, such non-compliance could have an adverse effect on a Client by, for example, providing the basis for the withdrawal of the affected government plan investor.

Retirement Plan and U.S. State-Specific ESG Considerations. In recent years, a number of U.S. states have adopted and continue to adopt new laws, regulations and policies which may expressly restrict the ability of U.S. state, municipal and other governmental plans or public university endowments to make or exclude certain investments, including investments that state regulators designate as supporting or boycotting the fossil fuels or arms manufacturing industries. Additionally, certain state pension plans are currently operating, or may in the future operate due to law or policy, in a manner that restricts their ability to consider some or all ESG factors in making investment or proxy voting decisions. U.S. state pension plans may also require funds to make certifications regarding the consideration of ESG factors in the fund’s own investment process or proxy voting procedures. As a result, there may be limitations on the ability of a Client to accept capital from certain investors and the Client may have to require or allow certain investors to withdraw from the Client. Moreover, such current or future state laws or policies may preclude a Client from making investments that it otherwise finds desirable and could

require the Client to liquidate or dispose of investments at a disadvantageous time, resulting in lower proceeds to the Client than might have otherwise been the case. Such current or future state laws also may preclude a Client from certain proxy voting decisions that it believes to be advantageous to investors. This is an evolving area of law and policy, and future developments may be adverse to a Client and its investors.

In addition, the extent to which ESG factors should or may play a role in an ERISA plan fiduciary's investment decisions is addressed in recently finalized U.S. Department of Labor ("DOL") regulations. The future status of such regulations has been the subject of various ongoing legal challenges and vigorous political and public debate which may not be conclusively resolved for some time.

Item 9 – Disciplinary Information

Item 9 is not applicable to the Registrant.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither the Registrant nor any of its management persons is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant 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. The Registrant and certain Clients are exempt from registration as a commodity pool under exemptions set forth in the Commodity Exchange Act.
- C. As noted above, General Partners serve as general partners to the Clients and are affiliates of the Registrant. For a description of material conflicts of interest created by the relationship among the Registrant and the General Partners as well as a description of how such conflicts are addressed, please see Item 11 below.
- D. The Registrant does not recommend or select other investment advisers for its Clients.
- E. Each of the Clients for which the Registrant or its related persons serve as investment manager has entered into and may in the future enter into agreements, or "side letters," with certain prospective or existing investors whereby such investors, including such persons that may be affiliated with the Registrant or its related persons, may be subject to terms and conditions that are more advantageous than those set forth in the governing documents for the particular Client. For example, such terms and conditions may provide for a reduction, rebate or waiver of management fees, performance-based fees or allocations or redemption fees to be paid by the investors (or other terms); rights to receive reports from a Client on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions); and special rights to make future investments in the Client or other investment funds managed by the Registrant or its affiliates. The modifications are solely at the discretion of the Registrant and may, among other things, be based on the size of the

investor's investment in a Client or affiliated investment entity, an agreement by an investor to maintain such investment in a Client for a significant period of time, or other similar commitment by an investor to a Client.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. The Registrant has adopted a Code of Ethics to ensure that it fulfills its role as a fiduciary to the Clients. The Code of Ethics requires that officers, principals, employees and other personnel of the Registrant ("Registrant Personnel") act in the best interests of the Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Registrant Personnel are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Registrant or appropriate party of any actual or suspected violations of such laws by the Registrant and its employees or affiliates. In addition, the Code of Ethics sets forth formal policies and procedures with respect to the personal securities trading activities of Registrant Personnel. The Code of Ethics generally prohibits Registrant Personnel from effecting transactions in individual equity securities, with the exception of the sale of individual equity securities held prior to the commencement of employment with the Registrant, requires that Registrant Personnel pre-clear certain public and private personal securities transactions, report all securities transactions on at least a quarterly basis and provide the Registrant with a summary of securities holdings on at least an annual basis. The Code of Ethics also addresses outside activities of Registrant Personnel, conflicts of interest, policies and procedures concerning the prevention of insider trading, and includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, as well as the reporting of political contributions. Registrant 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. Registrant Personnel are required to provide a written certification to the Registrant as to their compliance with the Code of Ethics on an annual basis. A copy of the Code of Ethics is available to any Client or prospective client upon written request to the Chief Compliance Officer via email at info@tensilecapital.com.
- B. Neither the Registrant, nor any of its related persons, recommends to Clients, or buys or sells for Clients, securities in which the Registrant or a related person has a material financial interest. Nonetheless, the Registrant and its related entities engage in a broad range of activities, including investment activities for their own account. In the ordinary course of conducting its activities, the interests of a Client will, from time to time, conflict with the interests of the Registrant, other Clients or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Registrant addresses such conflicts of interest, can be found below. The discussion below does not necessarily describe all of the conflicts that may be faced by a Client. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

The Registrant or a related person may transact in certain securities which may be held or actively traded by a Client. The Registrant has adopted the Code of Ethics to seek to avoid

potential conflicts of interest involving personal trades, which includes a formal set of policies and procedures to prevent insider trading and front running, and also includes guidelines related to employees' personal securities transactions to which all employees must adhere.

With respect to employees (including an employee's spouse, a member of their household or any individual who relies on the employee for material support), the Code of Ethics, among other things, requires that employees pre-clear all personal securities transactions unless otherwise classified as an exempt security under the Code of Ethics and prohibits effecting transactions in individual equity securities, except those individual equity securities held prior to becoming an employee of the Registrant.

Conflicts of Interest

Resolution of Conflicts. In the case of all conflicts of interest, the Registrant's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Registrant's best judgment, but in its sole discretion. In resolving conflicts, the Registrant considers various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer-term courses of dealing.

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

Management of the Funds. The Registrant manages a number of Clients that may have investment objectives similar to each other. The Registrant may give advice or take actions with respect to the investments of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives or strategies. As a result, Clients with similar strategies may not hold the same securities or achieve the same performance. In addition, a Client generally may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Client. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

The Clients may enter into borrowing arrangements that require the Clients to be jointly and severally liable for the obligations. If one Client defaults on such arrangement, the other Clients may be held responsible for the defaulted amount.

Conflicts Relating to the General Partner and the Registrant. By reason of their responsibilities in connection with other activities of the Registrant, certain personnel of the Registrant may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Clients will not be free to act upon

any such information. Due to these restrictions, the Clients may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

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

Service Providers. Services required by a Client (including some services historically provided by the Registrant or its affiliates to the Clients) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Registrant or its affiliates. This can create a conflict of interest because the Registrant and its affiliates have an incentive to outsource such services at the expense of the Clients to, among other things, leverage the use of Registrant personnel. Such services may include, without limitation, deal sourcing, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Clients, and, accordingly, certain costs may be incurred by a Client for a third-party service provider that are not incurred for comparable services by other Clients. The decision by the Registrant to initially perform a service for a Client in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future, and the Registrant has no obligation to inform such Clients or investors of such a change. Such services may also supplement or be performed alongside services performed by the Registrant.

Former Registrant employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Registrant, the Clients and/or portfolio companies. While employed by the Registrant, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Registrant unless a Client's governing documents permit certain allocations of internal expenses to the Client. If a former Registrant employee becomes an employee or consultant of a third party that also provides services to a Client, such former Registrant

employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Registrant employee working on the Client will be borne entirely by the Client and no such amounts will reduce the Management Fee paid or the Special Performance Allocation distributed by such Client on the basis that such person used to be a former Registrant employee.

Additionally, personnel of the Registrant, and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence the Registrant in determining whether to select such service provider to perform services for a Client. Although the Registrant selects service providers that it believes will enhance Client performance, because of financial, business interest, or 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 Registrant, its personnel, and the Clients will, from time to time, engage common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Registrant, its personnel, and/or the Clients. As a result, the Registrant or its personnel may receive a more favorable rate on services provided to it by such a common service provider than the rates payable by the Clients or may receive a discount on services even though the Clients receive a lesser, or no, discount. This creates a conflict of interest between the Registrant and its personnel, on the one hand, and the Clients, on the other hand, in determining whether to engage such service providers, including the possibility that the Registrant will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Clients. Neither the Clients nor investors in the Clients will receive the benefit of any such favorable rate or discount provided to the Registrant, its personnel or its affiliates, and the Management Fee paid by any Client will not be reduced in connection with such favorable rate or discount.

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

The Registrant or its affiliates engage certain service providers (including law firms) on behalf of the Clients and personnel of such service provider may in the future be seconded to the Registrant or its affiliates on a temporary basis or serve in an internship capacity, pursuant to various arrangements including at cost or at no cost. The Registrant is, from time to time, a beneficiary of these arrangements as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to the Registrant, its affiliates and/or portfolio companies and in any such circumstance, the benefits or costs of any such personnel will be allocated in the Registrant's discretion taking into consideration the usage of such personnel. The Management Fee will not be

offset or reduced as a result of these arrangements or any fees, expense reimbursements or other costs related thereto. In such circumstances, a conflict of interest exists because the Registrant or its affiliates have an incentive to select one service provider over another on the basis that the Registrant or its affiliates may receive the benefit of seconded employees from such service provider, particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not the Registrant or its affiliates.

Allocation of Co-Investment Opportunities. The Registrant will determine if the amount of an investment opportunity exceeds the amount the Registrant determines would be appropriate for the Main Funds and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Main Funds' governing documents or, to the extent not addressed in such Main Funds' governing documents, in accordance with the following paragraphs. If it determines it is appropriate, the General Partner shall first offer the opportunity to invest in a Co-Investment Vehicle pro rata to certain Main Fund investors and then to third-parties and/or itself, subject to the General Partner's ability to offer the opportunity to strategic investors following its determination that such participation would be beneficial to the Main Fund or the issuer of the illiquid security.

The allocation of co-investment opportunities will, in many or all cases, involve a benefit to the Registrant, including the receipt of a Management Fee and/or Carried Interest from the co-investor, and/or capital commitments to Clients. As a result of the foregoing, the Registrant could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms if such arrangement or economic terms are more beneficial to the Registrant than those of the Main Fund.

Subject to any investment allocation requirements set forth in a Main Funds' governing documents or other specific agreements with an investor, in general, (i) no investor in a Main Fund has a right to participate in any co-investment opportunity and investing in a Main Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Registrant or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be first offered to investors that participate in the Main Fund's illiquid portfolio and then, if the General Partner determines appropriate, to other investors, (iv) investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor in the Main Fund may be offered fewer co-investment opportunities than other investors in the Main Fund, with the same, larger or smaller capital commitments to such Client, (v) certain persons other than investors in a Main Fund (i.e., strategic investors if the General Partner determines that such investors' participation would be beneficial to the Main Fund or the issuer of the illiquid security in which the Main Fund is investing), rather than or in addition to investors in a Main Fund, will, from time to time be offered co-investment opportunities, (vi) if so determined by the General Partner, after eligible investors in the Main Fund, certain third-parties not otherwise investors in a Client as well

as the Registrant itself may also be offered co-investment opportunities, and (vii) co-investors may purchase their interests in an illiquid investment at the same time as the Main Funds or may purchase their interests from the applicable Main Fund after such Main Fund has consummated its investment in the illiquid investment (also known as a post-closing sell down or transfer). Each co-investment opportunity is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements and do not require the Registrant to notify the recipients of such acknowledgements if there is a co-investment opportunity.

In the event the Registrant determines to offer an investment opportunity to co-investors, there can be no assurance that the closing of such co-investment will be consummated in a timely manner or at all, that the co-investment will take place on the terms and conditions that will be preferable for the Main Fund or that expenses incurred by the Main Fund with respect to the syndication of the co-investment will not be substantial. In addition, the Main Fund bears the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. In the event that the Registrant is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Main Fund may consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended and would bear the entire portion of any fees, costs and expenses related to such investment, which could make the Main Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Therefore, it is possible that the Main Fund will overcommit to an investment and consequently will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

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

Furthermore, a conflict of interest also arises because a Client that participates in a follow-on investment in a portfolio company held by another Client will benefit from the initial evaluation, investigation and due diligence undertaken by the Registrant on behalf of the original Client and from operational or other information about such portfolio company acquired from the original Client's ownership of interests in the portfolio company. In such

circumstances, such benefitting Client or Clients will not be required to reimburse the original Client for expenses incurred in connection with researching such investment. An investment by a Client in a portfolio company in which another Client invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Client and an investment by one or more other Clients in any such portfolio company may dilute the original Client's interest in such portfolio company.

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

Cross Transactions. The Registrant may in the future cause a Client to purchase investments from another Client, or it may cause a Client to sell investments to another Client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Registrant might have an incentive to improve the performance of one Client by selling underperforming assets to another Client in order, for example, to earn fees. Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Client (or the Registrant as a result of its interests in a particular Client), and one Client may incur expenses or forego gains that would have been obtained had it not entered into such transaction. Determining the valuation or other terms of such transactions may also create a conflict of interest due to the Registrant's consideration of the particular terms (including the fee terms) of the Clients and the Registrant's interest in such Clients. Such acquisition or merger may result in the acquiring entity purchasing a Client's portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third-party bidders or (b) higher than the value of the company resulting in an overvaluation.

To address these conflicts of interest, in connection with effecting such transactions, the Registrant will follow the investment allocation requirements of the relevant Clients (e.g., the governing documents of certain Clients may provide for the rebalancing of investments at certain times and at a cost set forth in those governing documents so that these Clients' resulting ownership of investments is generally proportionate to the relative capital commitments of the Client). To the extent such matters are not addressed in the investment allocation requirements, the Registrant's Chief Compliance Officer will be responsible for confirming that the Registrant (i) considers its respective duties to each Client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's-length transaction with a third party on commercially reasonable terms (which may or may not involve a valuation agent or a third party bid), and (iii) obtains any required approvals of the transaction's terms and conditions. There can be no assurance that any such conflicts can be resolved in a manner that is beneficial

to each Client or portfolio company nor is there any assurance that such transaction will be equally or similarly profitable or advantageous to each participating Client.

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 Registrant’s management of the Clients, the Registrant and its affiliates may in the future engage in principal transactions. The Registrant 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 Client(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

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

The Registrant and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Client, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Client expenses may result in “miles” or “points” or credit in loyalty/status programs to the Registrant and/or its personnel, and such benefits, rewards and/or amounts (whether or not de minimis or difficult to value), will exclusively benefit the Registrant and/or such personnel even though the cost of the underlying service is being borne by the Clients or their investors. Any such benefits, rewards and/or amounts will not be shared with such Client or its investors. In addition, airline travel incurred as a Client expense for Registrant personnel travelling for appropriate Client-related purposes may benefit such Registrant personnel to the extent the trip also serves a personal purpose.

The Registrant may cause one or more Clients to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Clients, the applicable General Partner, the Registrant and/or the Registrant’s personnel and their respective agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Clients. This may include a portion of any premiums, fees, costs and

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

- C. The Code of Ethics generally prohibits employees from transacting in any security that such employees are aware may be traded by the Clients. However, there is a possibility that an employee might benefit from market activity by a Client in a security held by the employee. The Registrant believes that any potential conflict of interest presented by this rare occurrence is mitigated by the Registrant’s policies and procedures related to employee personal trading. Specifically, all transactions made by employees are closely monitored on an ongoing basis by the Registrant’s Chief Compliance Officer or their designee to ensure that pre-clearance has been sought and obtained by employees when required, and that the personal trading patterns of employees fall within the guidelines set forth in the Code of Ethics.
- D. It’s important to note that employees are prohibited from entering into a personal securities transaction in any security on the same day as a transaction in the same security by the Registrant on behalf of a Client. In the event an employee inadvertently executes a personal securities transaction in a security also traded by a Client, such conflict will be resolved subject to the remedies prescribed in the Code of Ethics.

Item 12 – Brokerage Practices

- A. When selecting a counterparty for each transaction, the Registrant uses its discretion to choose the broker-dealer or counterparty most capable of providing the services necessary to obtain the best available price and most favorable execution. Consideration could also be given to those brokers and counterparties that supply research services to the Registrant that aid it in fulfilling its investment management responsibilities. In no event does the Registrant select a counterparty on the basis of personal gifts, gratuities or rewards provided to an employee or a related person of the employee.

Transactions for Clients are allocated to broker-dealers on the basis of best execution provided. In seeking best execution, the Registrant considers a variety of factors including quality of execution, reputation, financial strength and stability, block trading and block positioning capabilities, willingness and ability to execute difficult transactions, willingness and ability to commit capital, access to underwritten offerings and secondary markets, ongoing reliability, overall costs of a trade including commissions, mark-ups, mark-downs or spreads and other current transaction costs, nature of the security and the available market makers, desired timing of the transaction, size of the trade, confidentiality of trading activity, market intelligence, idea generation, availability of stocks to borrow for short sales, sourcing of investment opportunities by the broker, quality and timeliness of

market information provided and provision of research or brokerage services, and other similar services.

The Registrant maintains a broker approval process that includes, but is not limited to, a review of certain documentation demonstrating the financial and regulatory status of the broker.

1. Clients pay for research and execution services with soft or commission dollars. The use of commissions or soft dollars to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
 - a. For certain Clients, the Registrant employs a master-feeder structure whereby public securities transactions are effected for the master fund and all funds are invested in the master fund. The Registrant does not receive a benefit when using Client brokerage commissions to obtain research services. Clients could pay commissions to a broker or dealer in an amount greater than the amount another broker might charge.
 - b. The Registrant generally considers the amount and nature of research, execution and other services provided by brokers as well as the extent to which such services are relied on, and attempts to allocate a portion of the brokerage business of its Clients on the basis of that consideration. A broker is not precluded from receiving business because it does not provide research and other soft dollar services. However, relationships with brokerage firms that provide soft dollar services to the Registrant could potentially influence the Registrant’s judgment in the allocation of brokerage business and create a conflict of interest to the extent it could influence the Registrant’s judgment in using the services of those brokers to execute the Clients’ brokerage transactions. The Registrant believes that such allocation of brokerage business will help Clients to obtain research and execution capabilities. However, trades executed through these brokers or dealers or any other brokerage firm may or may not be at the best or lowest price otherwise available.
 - c. The Clients’ securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Clients, and not the Registrant, will be obligated to pay. The Registrant will have complete discretion in deciding which brokers and dealers the Clients will use, and in negotiating the rates of compensation the Clients will pay.
 - d. As a result of certain Clients’ master-feeder structure, all Clients currently managed by the Registrant would benefit from research products and services received to the extent relevant to such Client.
 - e. Within the last fiscal year, the Clients acquired certain products or services with client brokerage commissions. Specifically, such services include pricing and forms of research.
 - f. All services which a portfolio manager of the Registrant wishes to pay for through a soft dollar arrangement must be submitted for approval by a Managing Partner.

A Managing Partner will ensure the services are eligible under the provisions of Section 28(e) of the Exchange Act; review any contracts; and allocate the soft dollar relationship to a soft dollar broker-dealer.

2. Client referrals are not considered in selecting or recommending broker-dealers.
 3. The Registrant does not engage in directed brokerage arrangements at this time.
- B. In certain circumstances, the Registrant is in a position to allocate investment opportunities among Client accounts, including but not limited to Co-Investment Vehicles. Co-Investment Vehicles have in the past and may in the future have more favorable rights and/or terms than the Main Fund, and one or more co-investors in such vehicles have in the past and may in the future also receive more favorable rights and/or terms than other co-investors in such vehicle. The Registrant's policy is to allocate orders among Clients in a manner which is fair and equitable over time and does not favor one Client or group of Clients. The consistent application of the allocation methodology and procedures will assist the Registrant in giving fair and equitable treatment to its Clients. To the extent the Registrant is allowed discretion in making allocations among Clients, allocations will generally be based on consistently-applied objective criteria tailored to an investment strategy, including, but not limited to, pro rata based on the Clients' net asset values, total assets, available cash or target position size (a "Suggested Allocation") and on the terms of the relevant Clients' governing documents.
- C. There may be instances due to issues of eligibility, risk parameters, yield targets, tax considerations or Client account duration/investment time horizon, among other reasons, where a Suggested Allocation is rejected and another allocation is still considered to be equitable. As a result, there can be no assurance that a Client will participate in all investment opportunities that fall within its investment objectives or receive its pro rata allocation of any investment opportunity. Additionally, hedging or other related-security transactions will generally be based on the exposure of a particular Client account rather than a Suggested Allocation. In the event that a Suggested Allocation is rejected, the Registrant will ensure documentation of the rationale for such allocation. The Registrant makes allocation determinations based solely on the Registrant's expectations at the time such investments are made. Investments and their characteristics may change, and there can be no assurance that an investment may prove to have been more suitable for another Client in hindsight.

If the Registrant determines that a particular investment is appropriate for more than one Client account, the Registrant may aggregate securities transactions for those Client accounts. Procedures to ensure that no Client account is disadvantaged as a result of such aggregation, will include but not be limited to, the following:

- disclose the policy regarding aggregation of securities transactions to all investors;
- conduct the aggregation consistent with its duty to seek best execution for Client accounts;

- ensure no Client account is favored over another Client account;
- prepare pre-trade allocation statements specifying how the Registrant intends to allocate the transaction;
- maintain accurate books and records regarding all aggregated securities transactions; and
- ensure that no additional compensation or remuneration of any kind is received by the Registrant as a result of aggregating securities transactions.

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

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

Item 13 – Review of Accounts

- A. The investment guidelines of the Registrant's Clients are broad in nature and generally focus on long-term investing in a variety of financial instruments. For this reason, the Registrant believes that it is important that it maintains documentation supporting the Registrant's research and determinations underlying its trading decisions.

Currently, the Registrant utilizes a process of sharing investment ideas, implementing investment decisions and reviewing current investments through a series of ongoing meetings held among the Managing Partners, portfolio managers and analysts of the Registrant (the "Investment Personnel"). At such meetings, the Registrant's Investment Personnel provide their assessment of recently made investments and potential investments.

- B. The Clients are reviewed by the Managing Partners on a regular basis. Additionally, the Managing Partners, along with other members of the Registrant's Investment Personnel, regularly supervise all trading activity, monitor for associated risk and have the ultimate authority related to all investment decisions.
- C. Client investors are provided with monthly statements of their accounts distributed by the Registrant's administrator and annual audited financial statements. These reports are distributed both electronically and in written format based on an investor's preference.

Item 14 – Client Referrals and Other Compensation

- A. No one other than the Registrant's Clients provide an economic benefit to the Registrant for providing investment advice or other advisory services.
- B. Neither the Registrant nor any related person currently directly or indirectly compensates any person who is not a supervised person for Client referrals.

Item 15 – Custody

The Registrant is deemed to have custody of the Clients securities or funds because the Registrant, including the General Partner, act as their investment adviser with the authority to dispose of funds and securities in their accounts. The Registrant relies on the "audit exemption" under Rule 206(4)-2(b)(4) under the Advisers Act, which exempts an adviser to a limited partnership, limited liability company or other pooled investment vehicle from the requirement to deliver account statements to its clients if the adviser requires the vehicle to be audited annually by an independent public accountant that is registered with the Public Company Accounting Oversight Board and distributes the audited financial statements annually to the investors in the vehicle.

Each Client is a pooled investment vehicle, and custody of such Client's assets is maintained in compliance with applicable rules and regulations set forth in the Advisers Act. Where required, cash and securities are maintained at a financial institution meeting the definition of qualified custodian under the Advisers Act. In addition, the financial statements of each Client are audited by a nationally-recognized Public Company Accounting Oversight Board (PCAOB)-registered independent auditor and the governing documents of each Client require the financial statements to be distributed to investors within 120 days of the applicable fiscal year-end of the respective Client. Investors who fail to receive financial statements timely, or who have questions about them, should contact our Chief Compliance Officer.

Item 16 – Investment Discretion

The Registrant accepts discretionary authority to manage securities on behalf of its Clients through the investment management agreements with such Clients and governing documents of such Client. This discretionary authority has no limitations. Investment restrictions, if any, are generally established in the governing documents of the applicable

Client. Investment advice is provided directly to the Clients, subject to the direction and control of the General Partner of each Client and not individually to investors in such Client.

Item 17 – Voting Client Securities

- A. It is the Registrant’s policy to vote all proxies received by the Registrant in accordance with the management recommendations, unless otherwise instructed by the Registrant’s Investment Personnel. The Registrant’s Managing Partners are responsible for overseeing and monitoring all proxy votes to ensure that such votes adhere to the Registrant’s proxy voting policy and procedures.

The Registrant’s general policy is to vote proxy proposals, amendments, consents or resolutions relating to Client securities, including interests in private investment funds, if any (collectively, “proxies”), in a manner that serves the best interests of the Clients that the Registrant manages, as the Registrant determines in its discretion, taking into account relevant factors, including, but not limited to, the impact on the value of the securities; the anticipated costs and benefits associated with the proposal; the effect on liquidity; and customary industry and business practices.

For routine matters, the Registrant will vote in accordance with the recommendation of the company’s management, directors, general partners, managing members or trustees (collectively, the “Management”), as applicable, unless, in the Registrant’s opinion, such recommendation is not in the best interests of the Clients. For non-routine matters, the Registrant will generally vote in accordance with the recommendation of the company’s Management; however, such proxies related to non-routine matters will be voted on a case-by-case basis in the best interests of the Clients (as determined by the portfolio managers and analysts whose responsibilities include coverage of the sector for which the proxies are being voted).

At times, conflicts could arise between the interests of the Clients and the interests of the Registrant or its affiliates. If the Registrant determines that it has or could be perceived to have a conflict of interest when voting a proxy, the Registrant will address matters involving such conflicts of interest as required by its policies and procedures.

The Managing Partners are responsible for ensuring, if requested, that the Registrant provides investors with (i) a description of the Registrant’s proxy voting policies and procedures and (ii) instructions about how investors could obtain information from the Registrant on how it voted with respect to their Clients’ securities. The Managing Partners are responsible for responding to investor requests regarding how the Registrant voted proxies.

Item 18 – Financial Information

- A. The Registrant does not require or solicit prepayment six months or more in advance of more than \$1,200 in fees per Client, and therefore has not included a balance sheet.

B. The Registrant is not aware of any conditions that are reasonably likely to impair the Registrant's ability to meet contractual commitments to the Clients.

C. The Registrant has never been the subject of a bankruptcy petition.

Item 19 – Requirements for State-Registered Advisers

The Registrant is not registered with any state securities authority.