

**Item 1. Cover Page**

**Sumeru Equity Partners L.P.**

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**Part 2A of Form ADV: Firm Brochure**

**March 27, 2024**

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Sumeru Equity Partners L.P. (“Sumeru”). If you have any questions about the contents of this Brochure, please contact us at (650) 522-3300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

## **Item 2. Material Changes**

There have been no material changes since the filing of Sumeru's last annual amendment to Form ADV Part 2A filed on March 23, 2023. While there have been no material changes to Sumeru's business and the disclosures contained herein since the foregoing annual amendment filing, Sumeru has made certain clarifying revisions to the disclosures contained herein. Current and prospective investors are urged to review the Brochure in its entirety.

### Item 3. Table of Contents

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

Sumeru Equity Partners L.P. (“Sumeru” or the “Adviser”), a Delaware limited partnership, is a technology-focused growth capital firm based in San Mateo, California. Founded in 2014, the Adviser invests in growing enterprise technology companies.

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

In addition to the Main Funds, the Adviser has established certain investment vehicles through which certain employees, members, officers, and independent contractors of the Adviser and/or their family members, officers and employees of the Adviser’s affiliates and/or their family members, certain business associates, certain investors in the Main Funds, or other persons close to the firm have invested alongside one or more Main Funds in one or more investment opportunities. Such vehicles, referred to herein as “Co-Investment Vehicles,” generally are contractually required, as a condition of investment, to exit their investments in each investment opportunity at substantially the same time, and on substantially the same terms, as the applicable Main Fund that is invested in that investment opportunity. Co-investment vehicles in which employees of, and certain senior advisors and executives to, the Adviser invest is referred to herein as (the “Employee Co-Investment Vehicles”, and collectively with the Main Funds and Co-Investment Vehicles, the “Sumeru Funds” or the “Funds”).

Each Fund is affiliated with a general partner (“General Partner”) with authority to make investment decisions on behalf of the Funds. The General Partners are controlled by, or under common control with, Sumeru, but possess a substantial identity of personnel and/or equity owners with Sumeru. Such affiliates were formed for tax, regulatory, or other purposes in connection with the organization of the Funds. Such affiliates operate as a single advisory business together with Sumeru and are subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to Sumeru’s registration in accordance with SEC guidance.

The Adviser’s investment management and/or investment supervisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of such investments.

The Adviser provides investment management and/or investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund, separate investment management agreements (each such investment management agreement, an “Advisory Agreement”), and/or side letters with investors (collectively, the “Governing Documents”). The Adviser does not seek nor require investor approval regarding each investment decision.

Investment advice is provided directly to the Funds, and not individually to the investors in the Funds. Certain investors in a Fund have opt-out rights with respect to certain investments due to legal, regulatory or other agreed-upon circumstances. Investment restrictions for the Funds, if any,

are generally established in the Governing Documents or offering documents of the applicable Fund.

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except in certain circumstances pursuant to the terms of the applicable Governing Documents. In accordance with industry common practice, the Adviser has entered into side letters or similar agreements with certain investors including those who make substantial commitments of capital or were early-stage investors in the Funds, or for other reasons in the sole discretion of the Adviser, in each case that have the effect of establishing rights under, or altering or supplementing, a Fund's Governing Documents. Examples of side letters entered into include provisions whereby investors have expressed an interest in participating in co-investment opportunities, advisory board representation, certain fee arrangements, notification provisions, reporting requirements and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all investors, consistent with the Governing Documents and general market practice. Commencing in September 2024, the Adviser will make required disclosure of certain side letters to all investors (and in certain cases, to prospective investors) in accordance with the new Private Fund Rule. Side letters are negotiated at the time of the relevant investor's capital commitment, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the side letter rights granted to one or more investors will not in certain cases disadvantage other investors.

Sumeru is principally owned by Kyle Ryland and with a minority interest held by other Sumeru principals, each as disclosed in Sumeru's Form ADV Part 1, Schedule A. As of December 31, 2023, the Adviser managed approximately \$3.505 billion in regulatory assets under management, all on a discretionary basis. The Adviser does not manage assets on a non-discretionary basis.

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

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Main Fund and Co-Investment Vehicle. A Sumeru Fund, and/or its portfolio companies also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, reduces the Advisory Fees payable to the Adviser. Additionally, consistent with the organizational documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below and in more detail in each Fund's Governing Documents.

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Main Funds, the Adviser receives advisory fees from each such Fund (each, an "Advisory Fee"). Advisory Fees are initially charged at 2% of each non-affiliated investor's committed capital for the period of time during which each Fund is making investments; thereafter, the Advisory Fee is equal to 1.75% of each

non-affiliated investor's invested capital with respect to investments that have not been disposed of or permanently written off. Advisory Fees are reduced upon the expiration of the Fund's investment period or when the Adviser first receives or begins to accrue Advisory Fees with respect to a subsequent Fund with substantially similar investment objectives, strategy and investment criteria as the Fund and/or upon the occurrence of certain other events as described in the Governing Documents. The amount of Advisory Fees generally will not correspond with fluctuations in a Fund's net asset value, including following the stepdown date, and will not be reduced in connection with any write-downs, except in the case of investments that have been permanently written down. Permanent write-down determinations are made in the discretion of the valuation committee in accordance with the relevant Governing Documents and the Firm's valuation policy. Except where the Governing Documents expressly provide to the contrary, Advisory Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments. In addition, Advisory Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period. Further, where there has been a partial disposition or permanent write-down of a Fund's investment and the fair market value of the investment following such event exceeds the total amount of the Fund's investment contributions relating to the investment, the Governing Documents do not require Advisory Fees after the stepdown date to be reduced.

All Advisory Fees were negotiated with investors during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. Generally, investors participating in a subsequent closing after the initial closing of a Fund are responsible for paying the Advisory Fee as of the date of the initial closing of such Fund, plus interest, as applicable. As a general matter, Advisory Fees are payable during term extensions unless otherwise agreed with investors.

Assessed quarterly in advance, Advisory Fees are collected through a capital call, through a draw-down on the line of credit or offset against a distribution to investors. As applicable, the precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser in negotiation with investors in the applicable Fund and are set forth in such Fund's Governing Documents received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by the Adviser or General Partner in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements. Fees differ from one Main Fund to another, as well as among certain investors in the same Main Fund. Specifically, employees and affiliates of the Adviser do not pay Advisory Fees and investors in a Co-Investment Vehicle may be permitted to pay a reduced Advisory Fee on the co-investment portion of their investment. In addition, certain investors in the Sumeru Funds that are employees, business associates and other "friends and family" of the Adviser or its personnel ("Adviser Investors") will not typically pay Advisory Fees in connection with their investment in a Sumeru Fund. Notwithstanding that Adviser Investors will generally not pay Advisory Fees, Adviser Investors will pay for their pro rata share of certain Sumeru Fund expenses.

The Advisory Fees paid by a Main Fund or Co-Investment Vehicle will generally be reduced by a percentage of (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) the expenses incurred by the Adviser in connection with the organization of such Fund that exceed a

limit specified in such Fund's Governing Documents and/or (3) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Governing Documents of the applicable Main Fund. To the extent reduction relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. Any such reduction of a Fund's Advisory Fees will be limited to the extent of such Fund's proportionate interest in any such portfolio company and not the portion allocable to any other investor (which could include other Funds, Co-Investment Vehicles, co-investors, third parties, portfolio company management or employees and/or others) that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Other Fees (as defined below) allocable to capital invested by a Main Fund, Co-Investment Vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee. Receiving an allocable amount of Other Fees that do not offset the Advisory Fee gives the Adviser an incentive to maximize such amounts and to make and structure and potentially syndicate investments that could generate such amounts.

In addition, the Adviser will from time to time waive or reduce all or a portion of the Advisory Fee paid by a Main Fund in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser to invest in and alongside such Main Fund, which could result in acceleration of investor capital contributions. Certain waived portions of the Advisory Fee are treated by the Governing Documents as deemed capital contributions by the relevant General Partner, which is effectively invested in the relevant Fund on the General Partner's behalf and operates to reduce the amount of capital the applicable General Partner would otherwise be required to contribute to the Fund. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Main Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when the Adviser no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, the Adviser, depending on certain elections that may be made by Main Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Main Fund or its investments).

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

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Advisory Fee, carried interest or other compensation received by the Adviser or its affiliates.

## **Other Fees**

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

The Adviser and its affiliates are permitted to perform transaction-related, financial advisory and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Sumeru Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions,

refinancing, public offerings, sales, or other similar dispositions and similar transactions with respect to such portfolio companies (“Transaction Fees”). If assessed, Transaction Fees would be established upon the initial consummation of an investment and the agreements may provide for a periodic fee which is fixed or determined based on the performance of the portfolio company.

The Adviser and its affiliates also receive “monitoring fees” (“Monitoring Fees”) pursuant to monitoring agreements with certain portfolio companies of the Sumeru Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement typically include (among other things) annual automatic renewals and the payment of Monitoring Fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric).

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

Generally, under the terms of the applicable Governing Documents, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees, as well as internal costs to the Adviser or the applicable General Partner associated with the Value-Creation Team (as defined below) or any member thereof allocated to specific current or prospective portfolio companies of a Fund for such persons rendering Value Creation Services (as defined below). Other Fees can be substantial and are typically paid in cash, but could be paid in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise, which would be dilutive to a Fund’s investment in the portfolio company. As noted above, the receipt of Other Fees is in addition to the Advisory Fees, the Adviser will, in some circumstances, reduce the amount of Advisory Fees paid by the applicable Sumeru Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Governing Documents of the applicable Sumeru Fund. As some Sumeru Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. In certain circumstances, the Adviser expects that one or more third party investors in a portfolio company not affiliated with the Sumeru Funds or the Adviser may negotiate their own consulting fees with a Sumeru Fund portfolio company for services they provide such portfolio company (including, but not limited to, Value Creation Services). For the avoidance of doubt, no portion of any fees received by such third parties will be offset against any Advisory Fees payable by a Sumeru Fund.

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



disclosed to investors in the Sumeru Funds. In many cases, Other Fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of Other Fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company. In general, Other Fees are not typically negotiated with portfolio companies on an arm's-length basis and such supplemental fees could adversely affect a portfolio company's financial performance.

In addition, the Adviser or its managing directors or employees, on behalf of Adviser, are permitted to receive stock of a portfolio company as an Other Fee due to service of a managing director or employee of the Adviser on the board of such portfolio company. In the event of such a distribution or receipt of stock, the recipients, or Adviser, with respect to stock received as an Other Fee, are permitted to act in their own interest with respect to the share of securities and will determine to sell the distributed securities, or hold on to the distributed securities for such time as such recipient, or the Adviser, shall determine. The ability of such recipients, or the Adviser, with respect to stock received as an Other Fee, to act in their own interest with respect to such distributed shares creates a conflict of interest between the Adviser, as an adviser to the Sumeru Fund, and its related persons, on the one hand, and the Sumeru Fund.

Since the types of compensation arrangements described above are typically negotiated before a Sumeru Fund acquires interests in a portfolio company and before Sumeru personnel acquire positions on the board of a portfolio company (or other type of executive positions), Sumeru believes that such terms will generally be negotiated on an arms-length basis and devoid of the types of conflicts that can arise from negotiating such terms with an existing Fund portfolio company.

#### *Payments Made to Third Parties*

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

#### **Expenses**

##### *Adviser Expenses*

To the extent provided in the Governing Documents, the Adviser will pay out of Advisory Fees all costs and expenses associated with the performance of its services under the Advisory

Agreement, except costs and expenses designated in the Governing Documents as expenses to be borne by the relevant Sumeru Fund.

### *Sumeru Fund Expenses*

As set forth more fully in, and subject to any restrictions in, the applicable Governing Documents of the Sumeru Funds, each Sumeru Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies. Expenses to be borne by a Sumeru Fund (and as a result the investors) can be substantial and will reduce returns to investors. All costs and expenses of operating a Sumeru Fund will be borne thereby. While differences exist among Funds, such costs and expenses generally include all fees, costs, expenses, liabilities and obligations relating to the Sumeru Fund and/or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to originating, pursuing, identifying, sourcing investment opportunities for the Funds (including buy-side and sell-side finders' fees and other similar deal sourcing payments, meeting with consultants, broker dealers, investment banks and other sources of investments); (ii) activities with respect to the structuring, organizing, diligencing (including any research, subscriptions to any periodicals or databases, and attendance at any trade conference), negotiating, consummating, financing, refinancing, acquiring, bidding on, developing, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, dissolving, liquidating, or otherwise disposing of, as applicable, a Sumeru Fund's portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party due diligence and deal-sourcing software and other subscription services and service providers, consultants and similar professionals in connection therewith, social and entertainment costs, after-hours meals and transportation, and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, a Fund, General Partner or any "affiliated partner" on behalf of the Sumeru Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement, in each case incurred in connection with portfolio companies or actual potential companies, sales, investment banker, finder and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services; (vii) reporting, filings and other ongoing compliance requirements contemplated by AIFMD or any similar law, rule or regulation; (viii) developing, structuring, maintaining, operating and winding up administrative structures in Luxembourg, other European countries and other jurisdictions that are put in place to establish required residence and/or operate the investment activities of the Funds; (ix) legal, accounting, research, auditing, technology administration (including costs associated with a Sumeru Fund's third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid

to or benefits, bonus or other personnel costs provided to the consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants but excluding consulting and similar fees paid to members of the Value-Creation Team (as defined below)), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (x) reverse breakup, termination and other similar arrangements; (xi) insurance (including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance expenses, including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions) and the cost of any consultants or other advisors utilized in the procurement, review and analysis of insurance policies; (xii) filing, title, transfer, survey, registration and other similar activities ; (xiii) printing, communications, marketing, publicity, mailing and courier; (xiv) the preparation, distribution or filing of Sumeru Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or other similar forms or other communications with investors or any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis reports) and any administrative, regulatory, reporting, filing, or other compliance requirements, or other information, including costs of any third-party service providers and professionals related to the foregoing; (xv) compliance with any tax or financial account reporting regime, including Foreign Account Reporting Requirements and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xvi) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting and treasury management, investor reporting, financial management, cybersecurity and ledger systems) or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or the investors; (xvii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with compliance with the EU Data Protection LAW, FOIA and any similar laws, rules, and regulations); (xviii) to the extent provided in the Governing Documents, or otherwise approved by a General Partner in its sole discretion, activities or proceedings of an advisory committee (including reasonable out-of-pocket costs incurred by representatives of a General Partner, the advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory committee) and a Sumeru Fund's pro rata share of the reasonable expenses of a Sumeru Fund's strategic advisory committee (the "Strategic Advisory Committee"); (xix) indemnification obligations (including legal and any other costs incurred in connection with indemnifying any partner or other person or entity or otherwise pursuant to the Governing Documents and advancing costs incurred by any such person or entity in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xx) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith (excluding internal disputes solely among a General Partner, the ultimate general partner, Sumeru, any of their respective affiliates, members, partners, manager, officers or employees that has not arisen as a result of a claim or potential claim by a third party); (xxi) any annual, periodic or special meeting of the investors and any other conference or meeting (including via telephone, webcast or video conference) with any investor(s) (in each

case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs), in each case to the extent incurred by a Fund, General Partner or any other affiliate of a General Partner; (xxii) the Advisory Fee; (xxiii) except as otherwise determined by a General Partner in its sole discretion, any cost or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Sumeru Fund expense or organizational expense if it were incurred in connection with the Sumeru Fund, and any costs incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Sumeru Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any past or anticipated structuring or restructuring of any alternative investment vehicle, portfolio company or portfolio company of any alternative investment vehicle; (xxiv) the termination, liquidation, winding up or dissolution of a Sumeru Fund and a General Partner and any legal entities owned directly or indirectly by a Fund, including portfolio companies; (xxv) defaults by partners in the payment of any capital contributions; (xxvi) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Sumeru Fund, including the preparation, distribution and implementation thereof and corresponding amendments, waivers, consents and approvals of or with respect to the constituent documents of a General Partner, Sumeru or any entities owned directly or indirectly by a Fund (including portfolio companies) implemented in connection with an amendment, waiver, consent or approval sought or implemented by or with respect to a Fund or an alternative investment vehicle of a Fund; (xxvii) compliance with any law, rule, regulation, policy, directive or special measure related to the activities of a Sumeru Fund (including any costs related thereto, any regulatory expenses of a General Partner or any administrator related thereto, compliance with any privacy, data protection, know-your-customer, anti-money laundering (including any validation or other confirmation of any payments made in connection with any voluntary or compulsory review), sanctions or anti-terrorist laws, rules, regulations, directives or special measure, and compliance with any environmental, social or governance or other considerations and policies and any associated disclosures relating thereto) and/or the validation or other confirmation of any payments made to a Fund or a General Partner (including as a result of anti-money laundering laws, rules or regulations); (xxviii) any litigation or governmental inquiry, investigation or proceeding involving a Sumeru Fund, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from indemnification provided for in the Governing Documents; (xxix) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Governing Documents or any investor's name change, internal restructuring or change in trust, registered agent or custodian; (xxx) any taxes, fees and other governmental charges levied against a Sumeru Fund and/or alternative investment vehicle and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of a Sumeru Fund and/or alternative investment vehicle (except to the extent that a Sumeru Fund is reimbursed therefor by a partner), and any costs of or related to the partnership representative or any related "designated individual"; (xxxi) compliance with any financial account reporting regime, FATCA and the OECD Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard and any similar laws, rules and regulations, and any cost of any third-party service providers and professionals related to the foregoing; (xxxii)

distributions to the partners and other costs associated with the acquisition, holding and disposition of a Sumeru Fund's investments, including extraordinary expenses (including break-up or topping fees or other liabilities or obligations incurred for transactions not consummated); (xxxiii) compliance or regulatory matters related to a Sumeru Fund, except as set forth in the Governing Documents and/or any letter agreement; (xxxiv) the cost of hosting or attending training programs, meetings or other events (including via telephone, webcast or video conference) for portfolio companies, their executives and/or their personnel (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs); (xxxv) any travel, lodging, meals or entertainment relating to any of the foregoing (including air travel, car or ridesharing services, other modes of transportation, lodging, meals and entertainment), including in connection with consummated and unconsummated investment and disposition opportunities; (xxxvi) any of the items listed above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated); (xxxvii) any placement fees; (xxxviii) any fees, costs, expenses, liabilities and obligations of legal counsel consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items; and (xxxix) any other costs approved by the advisory committee. For a discussion of material conflicts of interest created by the allocation of such expenses, please see Item 11 below.

Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in side letters relating thereto. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests.

From time to time, the General Partner of a Fund has created certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the General Partner creates an SPV, consistent with the Governing Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

Out-of-pocket expenses associated with completed transactions are either billed directly to a Fund, reimbursed by a portfolio company or capitalized as part of the acquisition price of a consummated transaction. Out-of-pocket expenses associated with unconsummated transactions ("broken deal expenses") are paid by the relevant Fund(s) selected as proposed investors in such transaction, including those terminated before the investor's admission into a Fund.

The Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds that will neither be subject to an offset against any Advisory Fees payable to the Funds nor will otherwise be shared with the Funds and/or portfolio companies. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or

difficult to value, inure exclusively to the Adviser and/or such personnel (and not the Funds and/or portfolio companies) even though the cost of the underlying service is borne by the Funds and/or portfolio companies.

### Expense Reimbursement

Certain expenses related to the Adviser's oversight of portfolio companies incurred on behalf of the Funds are reimbursed by a portfolio company pursuant to a management services agreement with the portfolio company. These expenses are paid by the Adviser and reimbursed by a portfolio company or paid directly by a portfolio company. Such expenses can include, without limitation, travel expenses, which includes expenses for chartered or business class or first class travel, meals and entertainment expenses (such expenses including, as applicable, those relating to the usage of premium black car, taxi and other transportation services (including transportation to and from Sumeru's offices outside normal business hours while working on portfolio-company related work, and premium meals (including meals outside normal business hours spent at Sumeru's offices while working on portfolio company-related work)), and social and entertainment events, including closing dinners and mementos, with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses, compensation expenses relating to time spent by certain persons effecting operational improvements and similar out-of-pocket expenses) incurred by the Adviser in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of "Other Fees" under the terms of the applicable Governing Document, and such reimbursement are not be subject to sharing arrangements described above.

In addition, to the extent a Fund or the Adviser initially bears the cost of certain fees or expenses but the benefit of the related services or expense is also received by another Fund, portfolio company or future fund or portfolio company, the Adviser will determine, subject to its ultimate discretion, whether to cause such other Fund or portfolio company to reimburse the initial Fund or the Adviser for such fees or expenses. Reimbursement by a portfolio company of out-of-pocket expenses incurred by the Adviser, a General Partner, their respective affiliates (including the Value-Creation Team) will not offset the Advisory Fee payable by the Funds. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

### Co-Investment Vehicle Expenses

In certain cases, a Co-Investment Vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside the Sumeru Fund has been formed in connection with the consummation of a transaction. The investors in such Co-Investment Vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Co-Investment Vehicle. The Co-Investment Vehicle will generally bear its pro rata portion of expenses incurred in the making of an investment.

If a proposed transaction is not consummated, generally no co-investment vehicle will have been formed, the full amount of any expenses relating to such proposed but not consummated

transaction (“Dead Deal Costs”) would therefore be borne by the Sumeru Fund or Sumeru Funds selected by the Adviser as proposed investors for such proposed transaction. Similarly, co-investment vehicles are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction. As a general matter, no co-investor will bear Dead Deal Costs or receive any portion of Break-Up Fees until they are contractually committed to invest in the prospective investment. As a result, the Fund(s) selected as proposed investors for such proposed transaction will bear more than what would otherwise have been its share of such broken deal expenses. Conversely, co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will lower the risk of broken deal or similar expenses incurred by such Fund (and indirectly, by such Fund’s investors) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest. However, to the extent that such co-investors have already invested in a portfolio company through a Co-Investment Vehicle or other special purpose vehicle in connection with such transaction (such as for a follow-on investment for the portfolio company for which the co-investment vehicle was originally created), such vehicle and/or co-investor is expected to bear its share of such broken deal expenses (which will generally be recorded at the portfolio company).

#### Allocation of Expenses

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Sumeru Funds with differing fee, expense, and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Sumeru Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation, Carried Interest, or other benefit.

To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Sumeru Funds in accordance with each Sumeru Fund’s Governing Documents or, to the extent not addressed in such Governing Documents, typically: (i) pro rata based on the respective total capital commitments of such Sumeru Funds (in the case of non-investment-related expenses) or (ii) pro rata based on the relative size of a Sumeru Fund’s investment in a portfolio company (in the case of investment/transaction-related expenses). Subject at all times to the applicable Sumer Funds’ Governing Documents, the Adviser may, in its sole discretion, choose to allocate fees and expenses in a manner different than that described above, in each case using good faith and its best judgment, and consistent with the Adviser’s fiduciary duties to the Sumeru Funds.

With respect to allocating other expenses among Sumeru Fund(s), Adviser Investors and/or third parties, as appropriate, the Adviser will allocate fees and expenses in accordance with the Sumeru Fund’s Governing Documents, and to the extent not addressed in the Governing Documents or agreements, the Adviser will make any allocation determination in its sole discretion, in each case using good faith and best judgment, and consistent with the Adviser’s fiduciary duties to the Sumeru Funds, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

## **Carried Interest Payments**

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

## **Brokerage Fees**

To the extent the Adviser utilizes the services of broker-dealers to effect portfolio transactions for a Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to each Sumeru Fund (except for Employee Co-Investment Vehicles), a portion of the profits, if any, of each such Sumeru Fund generally is distributed to the Adviser as “carried interest” (the “Carried Interest”), pursuant to such Sumeru Fund’s Governing Documents. A General Partner is generally entitled to receive a Carried Interest allocation on certain realized profits in the Funds equal to 20% of all realized profits subject to an annual compounded preferred return and subject to all capital called to pay relevant Fund expenses, including Advisory Fees. The General Partner is permitted to reduce or waive the Carried Interest with respect to certain Funds or certain investors in such Funds. Calculated based on cumulative realized gains and income only, Carried Interest is allocated to a General Partner as portfolio holdings are liquidated or otherwise monetized and is subject to a potential after-tax giveback if the respective General Partner has received excess cumulative distributions. Each Fund’s Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund’s Governing Documents received by each investor prior to investment in such Fund.

Additionally, to the extent that Adviser personnel are assigned varying percentages of carried interest from the Sumeru Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Sumeru Funds from which they are entitled to receive a higher carried interest percentage.

The Adviser manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to the Adviser’s allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although the Adviser generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund’s Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund in which the Adviser or an affiliate has a greater financial interest. The payment by some, but not all, Funds of Carried Interest, or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund), creates an incentive for the Adviser to disproportionately allocate time, services, or functions to Funds paying Carried Interest (or Funds paying Carried Interest at a higher rate), or allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds and any side letter agreements with the investors in the applicable Fund, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds; (ii) provisions requiring certain Funds to purchase and



sell investments contemporaneously and on similar terms; (iii) provisions requiring the Adviser to allocate time and attention to the Fund; and (iv) provisions and procedures setting forth investment allocation requirements. The Adviser generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser, as well as Item 12 below regarding trade aggregation.

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

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in such Fund.

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

Certain Sumeru Funds include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the Governing Documents of such vehicles and the related Sumeru Fund.

The Adviser does not have a minimum size for a Sumeru Fund, but minimum investment commitments are typically established for investors in the Sumeru Funds. The General Partner of each Sumeru Fund has permitted, in its sole discretion, investments below the minimum amounts set forth in the offering documents of such Sumeru Fund.

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

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

The Adviser intends the Sumeru Fund to invest in growth buyouts of mid-market technology and technology-enabled companies primarily in North America with attractive growth prospects and significant opportunities for the Adviser to add value. In particular, the Adviser will seek to transform the Sumeru Fund's portfolio companies through operational and strategic value creation initiatives with a focus on go-to-market acceleration, core product innovation and improved business models. The Adviser expects to make primarily control investments but will consider minority transactions where the Adviser believes the investment opportunity is particularly

attractive, such investment cannot be accessed in a control transaction, and the terms offer the Adviser meaningful governance.

The Adviser invests in companies across the technology domain including software, technology-enabled services, semiconductors, and systems (computing and networking), and has demonstrated value-creation capability focused on building assets that are strategically valuable to acquirers and investors. This approach leverages what the Adviser believes are best practice frameworks in six domains: (i) Go-to-Market Acceleration; (ii) Core Product Innovation; (iii) M&A and Industry Business Development; (iv) Pricing and Cost Optimization; (v) Organizational Development and Recruiting; and (vi) Reporting, KPIs, and Process of Management.

The Adviser's strategy is based on the following key principles:

- Focus on growth buyouts (e.g., control or control-oriented transactions) of companies in technology, technology-enabled and related industries with the objective of transforming the business.
- Leverage the Adviser's deep sector expertise and a sophisticated data-driven investment process to source, evaluate and acquire attractive opportunities.
- Focus on opportunities that offer multiple ways to win (i.e., make investments based on a “base” business model with multiple acceleration scenarios offering potential upside).
- Actively apply what the Adviser believes is a set of demonstrated strategic and operating best practices, to transform mid-market technology companies and create durable franchise value through go-to-market acceleration, core product innovation, and improved business models.

The value creation improvements the Adviser expects in the Sumeru Fund's portfolio companies will typically be realized in two phases: shorter-term operational gains (e.g., improvement in financial performance and/or enhanced management team) and medium-term strategic transformation.

In the Adviser's experience, businesses in the mid-market often lack the strategic vision, operational execution capabilities and market presence to take full advantage of their core competitive advantages in technology, brand, and vertical market expertise. Such companies hold strong potential for value-creation through active business transformation (strategic and operational).

## **Risks**

### **Applicable Risks**

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

*In addition, as described more fully in the applicable Fund's Governing Documents, material risks relating generally to all of the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for all of the Sumeru Funds, include the following:*

*Business Risks.* The Sumeru Funds' investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Investment in Junior Securities.* The securities in which the Sumeru Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Sumeru Fund's investment once made.

*Concentration of Investments.* The Sumeru Funds will participate in a limited number of investments and will seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Sumeru Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry can substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Sumeru Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Sumeru Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, investors will be required to bear the Advisory Fees during the investment period based on the entire amount of the investors' commitments and other expenses as set forth in the Governing Documents.

*Dynamic Investment Strategy.* While the Adviser generally intends to seek attractive returns for the Sumeru Funds primarily through making private equity investments as described herein, the Adviser is permitted to pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The Adviser is permitted to pursue investments outside of the industries and sectors in which the principals have previously made investments or have internal operational experience.

*Illiquidity; Lack of Current Distributions.* An investment in the Sumeru Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment can be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there will likely be no current realized return on the investment. Furthermore, the expenses of operating the Sumeru Funds (including the Advisory Fee) can exceed its income, thereby requiring that the difference be paid from a Sumeru Fund's capital, including, without limitation, unfunded commitments.

*Leveraged Investments.* The Sumeru Funds have made use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both a Sumeru Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and can impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Sumeru Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Sumeru Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Sumeru Fund can suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Sumeru Fund. Furthermore, should the credit markets be limited or costly at the time the Sumeru Fund determines that it is desirable to sell all or a part of a portfolio company, the Sumeru Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Sumeru Fund will invest generally will not be rated by a credit rating agency. A Sumeru Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that such Sumeru Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Sumeru Fund also will result in interest expense and other costs to such Sumeru Fund that may not be covered by distributions made to such Sumeru Fund or appreciation of its investments. A Sumeru Fund is permitted to incur leverage on a joint and several basis with one or more other investment funds and entities managed by the Adviser or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Sumeru Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Sumeru Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Sumeru Fund.

*Subscription Lines.* A Sumeru Fund generally expects to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Sumeru Fund's investments). Fund-level borrowing subjects investors to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the investors, investors may be obligated to contribute capital on an accelerated basis if the Sumeru Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any investor claim against the Sumeru Fund would likely be subordinate to the Sumeru Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as

legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Sumeru Fund's investors and the terms of the Governing Documents, it may be higher than the interest rate an investor could obtain individually. To the extent a particular investor's cost of capital is lower than the Sumeru Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases the Sumeru Fund's reported net returns in certain methods of calculation.

A credit agreement often contains other terms that restrict the activities of a Sumeru Fund and the investors or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of an investor's interest in the Sumeru Fund or impose concentration or other limits on the Fund's investments. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from investors to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more investors.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for investors that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Sumeru Fund. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay Advisory Fees and to reimburse the Adviser for expenses incurred on behalf of the relevant Sumeru fund. A Sumeru Fund is also permitted to, from time to time, utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than investor capital, including as a bridge for equity or debt capital with respect to an investment. If a Sumeru Fund ultimately is unable to repay the borrowings through those other means, investors would end up with increased exposure to the underlying investment, which could result in greater losses.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Sumeru Fund investments, and hence, most of the Sumeru Funds' investments will be difficult to value. Certain investments are permitted to be distributed in kind to the partners, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to the Adviser with respect to such investment.

*Competition in the Software Sector.* Competitors of the Sumeru Funds and its portfolio companies in the software sector will range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product and software lines may let them be more effective in deploying technical, marketing and/or financial resources. Barriers to entry in the software sector are typically low, and software products and solutions can often be distributed broadly and quickly at relatively low cost. Many of the areas in which the Funds and their portfolio companies are expected to participate evolve rapidly with changing and disruptive technologies, shifting user needs and frequent introductions of new products and services. The emerging nature and rapid evolution of technology products and services generally require portfolio companies in the software sector to continually improve the performance, features and reliability of their products and/or services, particularly in response to competitive offerings. There can be no assurance that such portfolio companies will be successful in achieving widespread acceptance of their products and/or services before competitors offer products and services with similar or improved performance, features and reliability. In addition, the widespread adoption of new technologies or standards could require substantial expenditures by such portfolio companies to modify or adapt their products or services. Such expenditures have the potential to negatively affect the profitability of such portfolio companies and, in turn, the Fund's operating results and performance.

*Third-party Infringement Claims.* A Sumeru Fund or any portfolio company is permitted to, from time to time, receive notices from persons or entities claiming that the Fund or such portfolio company has infringed upon their intellectual property rights. The quantity of such claims may grow over time due to the fast pace of developments in the software and/or other technology sectors, increasing amounts of user-generated content, the extensive patent coverage of existing technologies and the rapid rate of issuance of new patents. Additionally, portfolio companies may use "open source" software in their products, or may use such software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties may allege that a portfolio company has not complied with the conditions of one or more of such licenses. To resolve these and other intellectual property infringement claims, a Sumeru Fund and/or its portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers, any of which may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs may be permitted to seek injunctive relief that may limit or prevent importing, marketing and selling products that utilize infringing technologies, and it is possible that such injunctive relief may be issued before the parties have fully litigated the validity of the underlying intellectual property rights.

*Software Code Protection.* The development and protection of source code is critical to many businesses in the software sector. If an unauthorized disclosure of a significant portion of a portfolio company's source code occurs, such portfolio company could potentially lose future trade secret protection for such source code. The loss of trade secret protection could make it easier for others to compete with such portfolio company's products or services by copying their functionality, which could adversely affect such portfolio company's revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (e.g., viruses, worms and other malicious software programs that may attack a portfolio company's products and

services). Costs for remediating the unauthorized disclosure of source code and other cybersecurity breaches may include those related to increased protection, reputational damage, loss of market share, liability for stolen assets or information and repairs to damaged systems. Remediation costs may also include incentives offered to maintain a portfolio company's business and/or customer relationships following a security breach.

*Projections.* Projected operating results of a company in which the Sumeru Funds invest normally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by the General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continues to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Sumeru Funds' activities, including the ability of the Sumeru Funds to effectively and timely address such regulations, to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Sumeru Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Sumeru Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

Additionally, Congress has considered legislative changes that would treat certain income allocations to service providers by partnerships such as the Sumeru Fund (including any Carried Interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any legislation, whether during or after the initial closing of the Sumeru Funds, could adversely affect the principals, employees or other individuals associated with the Sumeru Funds, the Adviser or the General Partner who were or may in the future be granted direct or indirect interests in the Adviser entitling such persons to benefit from carried interest. This may reduce such persons' after-tax returns from the Sumeru Funds and the Adviser, which could make it more difficult for the Adviser and its affiliates to incentivize, attract and retain individuals to perform services for the Sumeru Funds.

*Alternative Investment Fund Managers Directive.* The EU Alternative Investment Fund Managers Directive (the "AIFMD") as implemented in each member state of the European Economic Area ("EEA") and as implemented and retained by the United Kingdom ("UK") following its departure from the European Union, regulates the activities of certain private fund managers undertaking

fund management activities or marketing fund interests to investors within the EEA and UK. If a Sumeru Fund is actively marketed to investors domiciled or having their registered office in the EEA or the UK in circumstances where no transitional relief is available: (i) the Sumeru Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Sumeru Fund incurring additional costs and expenses; (ii) the Sumeru Fund and/or the Adviser may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, which would result in the Sumeru Fund incurring additional costs and expenses or may otherwise affect the management and operation of the Sumeru Fund; (iii) the Adviser will be required to make detailed information relating to the Sumeru Fund and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Sumeru Fund in relation to EEA or UK portfolio companies including, in some circumstances, the Sumeru Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Sumeru Fund generally.

*Need for Follow on Investments.* Following its initial investment in a given portfolio company, a Sumeru Fund will generally decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Sumeru Fund will make follow on investments or that a Sumeru Fund will have sufficient funds to make all or any of such investments. Any decision by a Sumeru Fund not to make follow on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Sumeru Fund to increase its participation in a successful portfolio company or the dilution of the Sumeru Fund's ownership in a portfolio company if a third party invests in such portfolio company. Conversely, co-investors in a portfolio company (including certain investors) may not participate in follow-on investments, resulting in the Sumeru Fund potentially funding a larger portion of the follow-on capital.

*Non-U.S. Investments.* The Sumeru Funds are permitted to invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments are subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Sumeru Fund), the application of complex U.S. and non U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Sumeru Fund and/or the partners with respect to a Sumeru Fund's income, and possible non-U.S. tax return filing requirements for the Sumeru Fund and/or the partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be



subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Derivatives.* The Sumeru Funds are permitted to invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the Investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which the Sumeru Fund may effect derivative transactions are over-the-counter (“OTC”) or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Sumeru Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty.

*Counterparty Risk.* Some of the markets in which the Sumeru Funds may effect transactions are OTC or “interdealer” markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such OTC transactions. This exposes the Sumeru Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Sumeru Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Sumeru Fund has concentrated its transactions with a single or small group of counterparties. The Advisor is not restricted from dealing with any particular counterparty or from concentrating any or all of a Sumeru Fund’s transactions with one counterparty. Moreover, the Advisor has no formal credit function which evaluates the creditworthiness of the Sumeru Fund’s counterparties. The ability of the Sumeru Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Sumeru Funds.

In addition, the counterparties with which the Sumeru Fund effects transactions may, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, the Sumeru Funds may be unable to enter into a desired transaction in currencies, or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, spot and option contracts and swaps on currencies do not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into spot or options contracts or swaps, the Sumeru Fund may be required, and must be able, to perform its obligations under the contract.

*Financial Institution Risk; Distress Events.* An investment in a Sumeru Fund is subject to the risk that one of the Sumeru Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, Sumeru, the Sumeru Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on Sumeru's ability to manage the Sumeru Funds and their investments, and on the ability of Sumeru, any Sumeru Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses could potentially: (i) cause a Sumeru Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise); (ii) result in a Sumeru Fund being unable to acquire or dispose of investments at prices that Sumeru believes reflect the fair value of such investments; and/or (iii) result in portfolio companies being unable to make payroll, fulfill obligations and/or maintain operations. Although Sumeru expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that Sumeru and/or the relevant Sumeru Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institutions, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although Sumeru seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Sumeru Funds, Sumeru is under no obligation to use a minimum number of Financial Institutions with respect to any Sumeru Fund, or to maintain account balances at or below the relevant insured amounts.

*Derivative Clearinghouses and Exchanges; Required Central Clearing for Derivatives.* Historically, OTC derivatives (including, without limitation, swaps, certain options and other instruments) typically have been settled on an individual basis by the counterparties to the derivative instrument. As a result, each party to an OTC derivative has been subject to the risk that the other party will default on its obligations under the terms of the derivative instrument. See "Counterparty Risk," above.

However, recently enacted legislation in the United States will require many derivatives that currently are entered into on an OTC basis to be cleared through a central clearinghouse. Other similar measures may also be proposed in other jurisdictions. It is expected that such recent legislation will lead to the standardization of the terms of any derivative instruments cleared in such manner. Any such standardized terms are yet to be finalized and, thus, it is not possible to assess the degree to which any such standardized terms might permit the Advisor to implement, or prevent the Advisor from implementing, the Sumeru Fund's investment program. In such cases, if the Advisor were unable to utilize such alternate methods, the impact on the Sumeru Fund could be substantial and adverse.

Additionally, there can be no assurance that any such clearinghouses or exchanges will in fact be established, or that they will provide clearing facilities or a market of sufficient size or scope to benefit the Sumeru Fund. There can be no assurance that the Advisor would deem any such standardized terms to be suitable for implementing the Sumeru Fund's investment program in all cases or in any particular case. Accordingly, the Sumeru Fund may not trade or clear some or all of its derivative instruments on or through any such clearinghouse or exchange even if one were to become available. In such cases, the Sumeru Fund would remain subject to counterparty risk with respect to such instruments.

*Other Hedging Strategies.* The partnership, directly or indirectly, is authorized to opt to use a variety of financial instruments such as derivatives, options, swaps, caps and floors, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Sumeru Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Sumeru Fund's unrealized gains in the value of the Sumeru Fund's investment portfolio; (iii) facilitate the sale of any such investments; (iv) establish a position as a temporary substitute for other securities; (v) enhance or preserve returns, spreads or gains on any investment in the Sumeru Fund's portfolio; (vi) hedge the interest rate or currency exchange rate on any of the Sumeru Fund's liabilities or assets; (vii) protect against any increase in the price of any securities the Sumeru Fund anticipates purchasing at a later date; or (viii) for any other reason that the Advisor deems appropriate.

The Advisor is not required to attempt to hedge portfolio positions in the Sumeru Fund and, for various reasons, may determine not to do so. Furthermore, the Advisor may not anticipate a particular risk so as to hedge against it. While the Sumeru Fund may enter into hedging transactions in seeking to reduce risk, such transactions may result in a poorer overall performance for the Sumeru Fund than if it had not engaged in any such hedging transaction. For a variety of reasons, the Advisor may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Sumeru Fund from achieving the intended hedge or expose the Sumeru Fund to risk of loss. The success of the hedging strategy of the Sumeru Fund is subject to the Advisor's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Sumeru Fund's hedging strategy is also subject to the Advisor's ability to recalculate continually, readjust and execute hedges in an efficient and timely manner. Moreover, it should be noted that the portfolio always will be exposed to certain risks that cannot be hedged, such as certain credit risk, "liquidity" risk and "widening" risk.

Certain hedging arrangements may create for the General Partner, the Advisor and/or one of their respective affiliates a registration or exemption obligation with the CFTC or other regulator.

*Uncertain Economic and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Sumeru Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Sumeru Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Sumeru Fund's portfolio companies.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Sumeru Fund and may affect the Sumeru Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Sumeru Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Sumeru Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Sumeru Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Sumeru Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Sumeru Fund to pay break-up, termination or other fees and expenses in the event the Sumeru Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Sumeru Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Sumeru Fund's ability to raise funding to support its investment objective.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Sumeru Fund to obtain favorable financing for investments, the Sumeru Fund's ability to generate attractive investment returns may be adversely affected to the extent the Sumeru Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent

that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Sumeru Fund to realize its investments at favorable times or for favorable prices.

*Co-Investments.* The relevant General Partner is permitted to, in its sole discretion, provide or commit to provide co-investment opportunities to one or more investors and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion. Conflicts of interest are expected to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which will be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of a Sumeru Fund or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, the General Partner will consider some or all of a wide range of factors, which may include factors which benefit the General Partner such as the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates.

A Sumeru Fund is permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Sumeru Fund, or may be in a position to take action contrary to the investment objectives of the Sumeru Fund. In addition, a Sumeru Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Sumeru Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities typically will be offered to some and not to other investors. When and to the extent that employees and related persons of the General Partner make capital investments in or alongside a Sumeru Fund, the General Partner is subject to conflicting interests in connection with these investments. The General Partner's allocation of co-investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others.

*Cybersecurity Risk.* The Adviser, the Sumeru Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Sumeru Funds and their investors, despite the efforts of the Adviser and the Sumeru Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Sumeru Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Sumeru Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party

service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Sumeru Funds' investors. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. A successful penetration or circumvention of the security of the Adviser's systems 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 Sumeru Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

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

*Force Majeure Risks.* Fund investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a Fund, a portfolio company or a counterparty thereof) to perform its obligations until it is able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a Fund or a portfolio company of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a Fund or a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Funds may invest specifically. Any of the foregoing may therefore adversely affect the performance of a Fund and its investments.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Adviser, the Sumeru Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Adviser, the Sumeru Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which

broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Adviser, the Sumeru Funds and/or their portfolio companies.

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

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

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Adviser or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC.

Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

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

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

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

The Adviser is affiliated with the General Partners of the Sumeru Funds, which are deemed registered with the SEC under the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. The Adviser and General Partner entities operate as a single advisory business and serve as manager or General Partner of Sumeru Funds and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. Each General Partner does not have employees of its own. For a description of any material conflicts of interest created by the relationship between the Adviser and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

##### **Code of Ethics and Personal Trading**

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers, and employees, as well as officers and employees of its affiliates (together, "Adviser Personnel") and certain independent contractors (collectively, "Adviser Covered Persons"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Covered Persons and their covered family members generally purchase investments for their own accounts, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Covered Persons are required to file certain periodic reports with the Adviser and/or link certain brokerage accounts to the Adviser's third-party compliance software to enable monitoring by the Compliance Department, as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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



A copy of the Code of Ethics is available to any client or prospective client upon written request to: Robert (Randy) Randleman, Chief Compliance Officer: Sumeru Equity Partners, 2020 Pioneer Court, San Mateo, CA 94403.

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

The Adviser and certain Adviser Personnel invest in and alongside the Funds, either through the General Partner, as direct investors in the Funds, or otherwise. A Fund or its General Partner, as applicable, reduces all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. The Adviser does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of investors in the Funds. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

### **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of activities, including providing transaction-related, investment advisory, management, and other services to the Funds and the portfolio companies held by the Funds. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds, co-investment vehicles, or their respective affiliates. A description of certain of these conflicts of interest, as well as a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser has established certain investment vehicles through which certain Adviser Personnel, and independent contractors and/or their family members of the Adviser, and/or family members of the Adviser's affiliates, certain investors of the Main Funds, certain business associates, or other persons close to the firm invest alongside one or more Main Funds in one or more investment opportunities. Such vehicles generally are contractually required, as a condition of investment, to exit their investments in each investment opportunity at substantially the same time and on substantially the same terms as the applicable Main Fund that is invested in that investment opportunity. Such co-investment vehicles (including Employee Co-Investment Vehicles) typically do not pay Advisory Fees or Carried Interest and do not bear any of the fees or expenses incurred by any Main Fund, including a Main Fund's operating expenses and expenses relating to its investment activities.

### ***Resolution of Conflicts***

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion, subject to the Governing Documents of the applicable Fund(s). In resolving conflicts, the Adviser will consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Conflicts may be managed by, without limitation:

- segregating responsibilities of individuals or causing any affected individual to appropriately recuse himself or herself from any relevant matter;

- seeking to ensure that the interests of the Adviser and the Funds are aligned to the greatest extent practicable and to minimize non-conforming treatment or the creation of differential interests in the structuring of the applicable arrangement;
- acting in a manner prescribed in the relevant Fund documents (e.g., allocating transaction fees between the Adviser and a Fund in accordance with the fee sharing provisions set forth in the relevant partnership agreement); or
- disclosing the existence of such conflicts in the relevant Fund documents (e.g., a Fund's private placement memorandum) or to an advisory committee.

In addition, many Sumeru Funds have established an advisory committee, consisting of representatives of investors that are not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion.

### *Conflicts*

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

### *Allocation of Investment Opportunities among Clients*

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

- the Main Funds;
- any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in such co-investment vehicles are permitted to include Adviser Investors and/or individuals and entities that are not investors in any Main Funds ("Third Parties"));
- Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through a Fund or Sumeru-sponsored co-investment Fund) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Adviser Investors and/or Third Parties acting as "co-sponsors" with the Adviser with respect to a particular transaction.

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

The Funds are typically subject to investment allocation requirements (collectively, "Investment Allocation Requirements"), which will also apply directly or indirectly to certain co-investment

vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are set forth in the relevant Governing Documents and/or the Compliance Manual.

The procedures set out below address how the Adviser seeks to ensure that investment opportunities and their attendant fees and expenses are allocated fairly and equitably among the Funds, under the circumstances over time, to the extent the Investment Allocation Requirements of a Fund permit the Adviser to use its discretion to allocate a specific investment opportunity.

The following factors, without limitation, may be taken into account when determining an allocation:

- a Fund's existing positions in a particular security or issuer;
- the liquidity of a particular Fund;
- a Fund's investment policies and restrictions, guideline limitations, or investment objectives;
- the size of a particular Fund;
- transaction sourcing;
- diversification;
- lender covenants;
- the tax implications of an investment for a particular Fund;
- the remaining investment period and/or life of the particular Fund;
- legal, regulatory, and contractual restrictions for a particular Fund; and
- such other factors as the Adviser reasonably deems relevant.

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

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

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Sumeru Funds (after taking into account any portion of the opportunity allocated to certain participants in the applicable deal by contract, such as consultants and advisors to the Adviser and/or the Sumeru Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interests of the applicable Sumeru Fund), and any such

excess may be offered to one or more co-investors pursuant to the procedures included in such Sumeru Funds' Governing Documents, Compliance Manual and as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Sumeru Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Sumeru Funds, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested, (iv) certain persons other than investors in the Sumeru Funds may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, (v) certain persons other than investors in the Sumeru Fund may be given a contractual right to participate in co-investments in exchange for such persons providing services to the Sumeru Fund and (vi) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Sumeru Funds after such Sumeru Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Adviser's sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-investment vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs (including costs associated with usage of a Fund's subscription line). However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

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

- the Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that person or entity (in terms of, for example, staffing, expertise, and other resources) to participate efficiently and expeditiously in the investment opportunity with the relevant Sumeru Fund(s) without harming or otherwise prejudicing such Sumeru Funds(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- any confidentiality concerns the Adviser has that may arise in connection with providing the potential co-investment party with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity;
- the Adviser's evaluation of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of such person or entity to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;

- the Adviser's evaluation of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media, or other burdens that make it less likely that the potential co-investment party would act upon the investment opportunity if offered;
- the Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Sumeru Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Sumeru Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Sumeru Fund being able to capitalize on a potential investment opportunity); and
- whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to the Sumeru Funds or future Sumeru Funds and/or the Adviser.

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

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Sumeru Fund or that expenses incurred by the Sumeru Fund with respect to the syndication of the co-investment will not be substantial. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Sumeru Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Sumeru Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

To the extent the Adviser has discretion over granting or withholding consent to a secondary transfer of interests in a Sumeru Fund pursuant to such Sumeru Fund's Governing Documents, or

is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

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

A purchaser's potential investment into another Sumeru Fund (including any commitment to a future fund) can be considered, but will not be the sole determining factor considered by the Adviser in determining whether to grant or withhold its consent to a secondary transfer of interests in a Sumeru Fund.

#### *Valuation of Assets*

The Adviser is responsible for the valuation of each Sumeru Fund's assets, in accordance with such Fund's Governing Documents and valuation policies. There is no actively traded market for most of the securities owned by the Sumeru Funds. Securities and all other assets for which no market prices are available will be valued at such value as the Adviser reasonably determines.

Valuations are generally subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities may ultimately be sold. Third-party pricing information is typically not available regarding certain of a Sumeru Fund's assets. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. Similarly, there can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

It is the Adviser's policy to determine the "fair value" of the Sumeru Funds in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), particularly Accounting Standard Codification 820, Fair Value Measurements. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and

circumstance of the investments. With respect to the Sumeru Funds, the exercise of such discretion by the Adviser gives rise to conflicts of interest, as such valuations affect performance calculations, including excess valuations which would impact the amount and timing of distributions of Carried Interest and the calculation of Advisory Fees. In particular, where the Advisory Fee is calculated based on the valuation of an investment, or a determination of whether an investment has been written-off or otherwise permanently impaired, the Adviser will have an incentive to make determinations that result in the continued payment of the, or a higher, Advisory Fee. In situations where the Advisory Fee is calculated based on committed capital, contributed capital or the cost basis of investments, the Advisory Fee generally will not be reduced based on reductions in investment value. Absent bad faith or manifest error, valuation determinations in accordance with the Adviser's valuation policy will be conclusive and binding. Moreover, because the Adviser will determine in its discretion the value of any such assets, the Adviser will have an apparent conflict of interest in making that determination, given the potential impact of such valuations on a Fund's performance results. Generally, there will be no retroactive adjustment in the valuation of any investment or the fees and/or performance-based compensation paid to the Firm to the extent any valuation proves to not accurately reflect the realizable value of an investment.

#### *Conflicts Related to Investments Across Funds*

Conflicts arise when a Fund makes investments in conjunction with an investment being made by another Fund, or in a transaction where another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This can result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Adviser may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to all participating Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Investment opportunities may be appropriate for different Funds at the same, different, or overlapping levels of a portfolio company's capital structure. Additionally, a Fund may buy or sell securities or other instruments in companies in which the Adviser, its affiliates or their Adviser Personnel are invested. Adviser Personnel have made investments in certain Funds, and therefore have additional conflicting interests in connection with these investments. Conflicts in respect of these transactions can arise in determining the terms of investments, particularly where these clients or Adviser Personnel invest in different types of securities in a single portfolio company. Questions can arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring can raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain Funds are permitted to invest in bank debt and securities of companies in which other Funds or Adviser Personnel hold securities, including equity securities. In the event that such investments are made by a Fund, the

interests of such Fund has the potential be in conflict with the interest of such other Fund or Adviser Personnel, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, it is possible a Fund will be prohibited from exercising voting or other rights, and be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds or Adviser Personnel may or may not provide such additional capital, and if provided will be supplied in such amounts, if any, as determined by the applicable Adviser or Adviser Personnel. In addition, a conflict would arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than Fund or Adviser Personnel in a portfolio company can also raise the risk of using assets of a Fund to support positions taken by Adviser Personnel other Funds. There can be no assurance that the return of a Fund participating in these transactions would be equal to and not less than another Fund or Adviser Personnel participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund is permitted to invest in opportunities that another Fund has declined, and likewise, a Fund is permitted to decline to invest in opportunities in which other Fund has invested.

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

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to a Fund's Governing Documents, the Fund may charge (or may decide not to charge) a co-investor (such as a Fund investor or third party) interest costs for the time period between the closing of such Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor as well as expenses associated with the use of the Fund's subscription line. Additionally, a Sumeru Fund may bridge an investment with a short-term loan facility pending the receipt of capital contributions from the Sumeru Fund investors. Subject to a Sumeru Fund's Governing Documents, the General Partner may charge (or may decide not to charge) the Sumeru Fund (including the Sumeru Fund investors) interest costs incurred in connection with such loan for the time period between the receipt of funds from such loan to the date on which the loan is paid off by the Sumeru Fund.



### *Cross-Transactions*

While the Governing Documents of the Funds limit the ability of the Adviser to engage in such transactions, the Adviser is permitted to cause a Fund to purchase investments from another Fund, or to cause a Fund to sell investments to another Fund. Such transactions can arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees or to support the value of portfolio companies owned by the selling Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) typically have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates typically receive management or other fees in connection with its management of the relevant Funds involved in such a transaction, and also are typically entitled to share in the investment profits of the relevant Funds.

To address these conflicts of interest, the Adviser must comply with the conditions set forth in Section 206(3) of the Advisers Act and the Governing Documents of the applicable Fund. Additionally, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's legal and compliance team and advisors will be responsible for confirming that the Adviser (i) considers its duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction (other than a fee earned in the ordinary course of managing the assets), and the Adviser will not effect any such transaction for any Fund where the Adviser is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

### *Principal Transactions*

Section 206(3) of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the Funds, it is not anticipated that the Adviser will frequently engage in principal transactions. However, the Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206(3)

of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Governing Documents generally contain additional restrictions on the ability of the Funds or the Adviser to engage in cross or principal transactions.

### *Management of the Funds*

The Adviser currently manages a number of Funds that have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between Funds gives rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients*” above. Conflicts of interest can arise in allocating time, services, or functions of these officers and employees.

The Sumeru Funds are permitted to enter into borrowing arrangements that require the Sumeru Funds to be jointly and severally liable for certain obligations. If one Sumeru Fund defaults on such an arrangement, the other Sumeru Funds could be held responsible for the defaulted amount. The Sumeru Funds will only enter into such joint and several borrowing arrangements when the Adviser determines it is in the best interests of the Sumeru Funds.

In borrowing on behalf of a Sumeru Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Sumeru Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Sumeru Fund’s preferred return, is expected to have incentives to cause the Sumeru Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Sumeru Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the investors would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving Carried Interest sooner than it would without borrowing. In addition, when the Advisory Fee is calculated as a percentage of invested capital, an investor may pay Advisory Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to investors will be commensurate with such costs.

### *Follow-on Investments*

Investments to finance follow-on acquisitions will present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund is permitted

to participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest have the potential to arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

#### *Conflicts Relating to the Adviser*

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

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

In accordance with the terms of the Governing Documents, in certain circumstances the Adviser and Adviser Personnel are permitted to buy or sell securities or other instruments that the Adviser has recommended to Funds. In addition, Adviser Personnel are also permitted to buy securities in transactions offered to but rejected by Funds. A conflict of interest can arise because such investing Adviser Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, expenses incurred by the relevant Fund(s) and/or the Adviser in connection with the investment opportunity will generally be allocated between the investing Personnel and the relevant Fund(s) in a manner determined by the Adviser to be fair and equitable. In addition, officers and employees are permitted to buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which can include potential competitors of the Funds. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments. The investment policies, fee arrangements, and other circumstances of these investments can vary from those of the Funds. If Adviser Personnel have made large capital investments in or alongside the Funds, they will have conflicting interests with respect to these investments.

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

companies to incur) such expenses. Such expenses often includes airfare (whether private charter, first class, and/or business class), which can be substantial.

### *Fee Structure*

Because there is a fixed investment period after which capital from investors in certain Sumeru Funds may only be drawn down and because Advisory Fees are, at certain times during the life of the Sumeru Funds, based upon capital invested by the Sumeru Funds, this fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the Adviser is entitled to Carried Interest under the terms of the Governing Documents of certain Sumeru Funds. The existence of the Adviser's Carried Interest can create an incentive for the Adviser to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

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

### *Providers of Operations Support*

The Sumeru Fund's current and prospective portfolio companies from time to time utilize certain persons or entities employed or retained by the General Partner, the Adviser or their respective affiliates (including, without limitation, certain principals and other employees of the Adviser (collectively, the "Value-Creation Team"), specialized consultants, executives, "operating partners," senior advisors, and other similar members of the Adviser's "expert network") (each, a "Value Creation Provider") to perform services rendered with respect to financial, operational, management, technology, accounting, tax, legal, human resources or other similar matters (such services, the "Value Creation Services"). Value Creation Services also, in the General Partner's sole discretion, include providing services to support any current or prospective portfolio company's (i) management and executive team (including through Value Creation Providers serving directly in management positions or otherwise participating in determining corporate strategy), (ii) supply chain, revenue and margin management (including pricing, sales and marketing strategy, off-shoring and cost structuring), (iii) finance improvements (including generating metrics and KPI reporting and business restructuring), (iv) human capital management (including recruiting personnel and determining compensation), (v) information technology (including corporate reporting, IT systems and processes and external provider management), (vi) corporate communications, customer service and product development (including product roadmap management, development lifecycle management and product architecture) and (vii) other similar operational matters. The determination of whether a service is a Value Creation Service will be made by the General Partner in its sole discretion. The nature of the relationship with each such Value Creation Provider and the time devotion requirements of each such Value Creation Provider can vary significantly. These arrangements can be memorialized in a formal written agreement or are informal and are negotiated individually, depending upon the anticipated

Value Creation Services to be provided. Some Value Creation Providers are offered the ability to co-invest alongside Sumeru Funds, including in investments in which such Value Creation Providers is involved or participates in the management thereof.

Compensation for Value Creation Services in respect of a current or prospective portfolio company will be determined by the General Partner, in its sole discretion, taking into account one or more factors, such as the value of the time of the Value Creation Provider, a percentage of the value of such portfolio company, the invested capital exposed to such portfolio company, amounts charged by others for comparable services and/or a percentage of cash flows from such portfolio companies. Such compensation is permitted to include profits or equity interests in a portfolio company, or other incentive-based compensation to the Value Creation Provider. There can be no assurance that the amount of compensation for Value Creation Services paid will be proportional to the amount of hours of work performed on behalf of the portfolio company. To the extent that Value Creation Providers are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Value Creation Provider's services at a time when fewer portfolio companies or Funds make use of such Value Creation Provider. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount of work generated by the Value Creation Provider. In the event a Value Creation Provider provides work directly to a portfolio company in addition to board service, any such fees are paid by the portfolio company directly to the Value Creation Provider.

Pursuant to the Governing Documents, compensation for Value Creation Services provided to current or prospective portfolio companies, including those provided by members of the Strategic Advisory Committee, are paid by a portfolio company, or directly or indirectly by the Sumeru Fund (which payments would not reduce the Advisory Fee, except that in certain circumstances, payments and/or reimbursements made by the Sumeru Fund would be subject to a cap); provided that wherever practicable, the Sumeru Fund will seek to have internal compensation costs (i.e., salary, benefits and bonus but not carried interest of Value Creation Providers that are employees of the Adviser or its affiliates) reimbursed or paid by the relevant portfolio companies.

The General Partner's good faith determination as to whether a service is a Value Creation Service and the categorization of compensation for Value Creation Services shall be binding on the Sumeru Fund and its investors.

#### *Diverse Membership*

Investors have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors can relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest can arise in connection with the decisions made by the Adviser, including with respect to the nature or structuring of investments that could be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring

investments appropriate for the Funds, the Adviser will consider the investment and tax objectives of the Funds, not the investment, tax, or other objectives of any investor individually.

### *Business with Portfolio Companies and Investors*

At times, the Adviser recommends a portfolio company's services to other portfolio companies of the Funds, which typically involves fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser has a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best or lowest cost option available to the portfolio companies held by the Funds and could result in higher expenses for the portfolio company as well as an advantage for the Fund holding the service-providing portfolio company. The benefits received by a portfolio company providing a service can be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Adviser can have an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties (including lending sources), or their related businesses to the Funds, or their portfolio companies for use or purchase, even though the products or services recommended are not necessarily be the best or lowest cost option available to the Funds or the portfolio companies and could result in higher expenses for the portfolio company as well as an advantage for the Fund holding the service-providing portfolio company.

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

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

In certain instances, a Fund's portfolio company will compete with another Fund's portfolio company. A conflict of interest will arise in these instances because advice and recommendations provided by the Adviser to a portfolio company can have adverse consequences to a competitor portfolio company owned by another Fund.

The Adviser and/or its affiliates engage in business with certain service providers, including for example, investment bankers and outside legal counsel who are investors in Funds and/or who provide services (including mezzanine and/or lending arrangements) to the Adviser, the Funds, the portfolio companies and/or businesses that are competitors of the Adviser. Such engagement can be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Adviser can give such investor preferred economics or other terms with respect to its investment in a Fund, or have an incentive

to offer such investor co-investment opportunities that it would not otherwise offer to such investor. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser, because of such belief or for other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. In these instances, the Adviser uses reasonable efforts to mitigate such conflicts and uses good faith efforts to negotiate market terms for such law firm and service providers' services.

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

#### *Allocation of Personnel*

Adviser Personnel will work on other projects and possibly other vehicles and activities. Certain Adviser Personnel are permitted to serve as members of the boards of directors (or similar governing bodies) of various companies other than Fund portfolio companies. The possibility exists that such companies could engage in transactions that would be suitable for the Fund, but in which the Fund might be unable to invest. Conflicts will arise as a result of such other activities, including with respect to allocating time and investment opportunities.

#### *Material, Non-Public Information*

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

#### *Positions with Portfolio Companies*

Employees and members of the Adviser serve as directors of portfolio companies. From time to time, portfolio company board members approve compensation and other amounts payable to the Adviser in connection with services provided by the Adviser and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the partnership agreement's offset provision, are in addition to the Advisory Fee or Carried Interest. The Adviser's authority to appoint or influence the appointment of portfolio company board members who will potentially be involved in approving compensation payable to the Adviser subjects the Adviser and any such portfolio company board appointees to potential conflicts of interest. While conflicts of interest can arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. Additionally, such persons are typically required to remit to the Adviser any remuneration they receive as directors on behalf of the

Adviser. In addition, employees of the Adviser are permitted to leave the employment of the Adviser and become an officer or employee of a portfolio company.

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

The Sumeru Fund or the General Partner has entered into side letters or other similar agreements with certain investors that have the effect of establishing rights (including different or more preferential economic terms) under, or altering or supplementing the terms of, the limited partnership agreement (or analogous organizational document) with respect to certain investors. Side letters have the effect of establishing rights under, altering or supplementing the terms of, or confirming the interpretation of an applicable Fund's Governing Documents with respect to such investor in a manner more favorable to such investor than those applicable to other investors, and such rights can be significant.

Generally, each Sumeru Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest exists in that some, but not all, investors are permitted to designate a member to the advisory committee. The advisory committee also has the ability to approve conflicts of interests with respect to the Adviser and the applicable Sumeru Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

#### *Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements*

The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among the Adviser, the investors, the Fund, the General Partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While the Adviser will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations the Adviser adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

#### *Other Potential Conflicts*

Investors should be aware that there will be instances that arise where the interests of affiliates of the Adviser will potentially or actually conflict with the interests of the Funds and the investors. If any matter arises that the General Partner or the Adviser determines in its good faith judgment constitutes an actual or potential conflict of interest, the General Partner or the Adviser will take such actions as may be necessary or appropriate to ameliorate such conflict. By investing in the Funds, each investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.



The Adviser and the Funds have in the past and may in the future engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund or Co-Investment Vehicle, and also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between a Fund and the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation is typically required. Legal counsel of the Adviser and the Funds renders legal services to the Adviser and the Funds and does not represent the interests of any investor in a Fund. Additionally, the Adviser and the Funds and the portfolio companies of the Funds on occasion engage other common service providers. In certain circumstances, the service provider charges varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This has the potential to result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies.

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

Each Fund's General Partner, or its affiliates, is permitted to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable General Partner or affiliate and the Fund acting as borrower.

Furthermore, pursuant to the Governing Documents of the Funds, the General Partner of each Fund, or its affiliates, are permitted to receive distributions in kind from an investment disposition. In the event the General Partner of a Fund, or its affiliates, receive such a distribution, such General Partner will act in its own interest with respect to its share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such General Partner shall determine. The ability of a General Partner of a Fund to act in its own interest with respect to such distributed shares creates a conflict of interest between such General Partner or affiliate, as an adviser to such Fund, and such Fund.

The Governing Documents of certain Funds permit each such Fund's General Partner to withhold information from certain investors or investors in such Fund in certain circumstances. For

instance, information is permitted to be withheld from investors that are subject to Freedom of Information Act or similar requirements. The General Partner is permitted to elect to withhold certain information to such investors for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such investors of receiving such information.

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

## **Item 12. Brokerage Practices**

To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

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

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

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's relevant deal team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, among others, the following: quality of execution (accurate and timely execution, clearance and fair error/dispute resolution); reputation, financial strength, integrity and stability; block trading and block positioning capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of the Adviser's knowledge of negotiated commission rates currently available and other current transaction costs; nature of the security and the available market makers; desired timing of the transaction and size of trade; confidentiality of trading activity; market intelligence regarding trading activity; and the receipt of prime brokerage and related services, including capital introduction and introductions to management and research and industry information. To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities or potential investors or performing investment banking services. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

The relevant deal teams and the Adviser's Chief Compliance Officer ("CCO") are responsible for periodically determining broker-dealer eligibility and for reviewing broker-dealer trading

volumes, prices, commissions, other transaction costs, and the overall quality of execution, among other things.

### **Aggregation of Trades**

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

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

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

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid, and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes Managing Directors and other investment professionals of the Adviser.

### **Reporting**

Investors in the Sumeru Funds typically receive, among other things, a copy of audited financial statements of the relevant Sumeru Fund within 90 or 120 days after the fiscal year end of such Sumeru Fund, as required by the Sumeru Fund's Governing Documents, as well as quarterly performance reports within 45 days after each of the first three fiscal quarters end if required by the Sumeru Fund's Governing Documents. The Adviser from time to time provides additional information relating to such Sumeru Fund to one or more investors in such Sumeru Fund.

Due in part to the fact that potential investors in a Fund (including a purchaser of an investor's interests in a secondary transaction) or a co-investment opportunity ask different questions and request different information, the Adviser provides certain information to one or more prospective investors that it does not provide to all of the prospective investors or investors.

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

As described in Item 5 above, the Adviser receives supplemental fees from the portfolio companies held by the Funds. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that the Adviser believes will ultimately

enhance the value of the companies and benefit the Funds and their investors. These types of fee arrangements present potential conflicts of interest and provide the Adviser with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by the Adviser or its employees (but not the Value-Creation Team) in connection with services rendered to portfolio companies or transactions of the Funds are offset against Advisory Fees payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund's Governing Documents. In addition, the Adviser and its related persons, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

When raising capital for a new Fund, the Adviser typically engages a placement agent in connection with the offer and sale of Fund interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Sumeru Fund that are subsequently accepted.

Advisory Fees received by the Adviser are generally reduced by the amount of such placement agent fees, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Sumeru Fund(s). As some Sumeru Funds do not pay Advisory Fees, any such reductions will not benefit such Sumeru Funds.

A placement agent's receipt of the fees noted above presents an inherent conflict of interest for the placement agent in that the placement agent has an incentive to recommend interests in the Fund to a prospective investor based on the fees it anticipates receiving from such sale (as opposed to the best interests of the prospective investor). Such a conflict will usually be mitigated (at least in part) by the placement agent's fiduciary duty to place the interests of its clients over its economic interests. Nevertheless, prospective investors should independently assess whether an investment in a Fund is in their best interests and appropriately aligned with their portfolios' investment objectives and guidelines, investment restrictions (if any), asset allocation guidelines and restrictions, liquidity needs, and overall risk/return profiles.

#### **Item 15. Custody**

The Adviser is deemed to have custody of the Funds' assets of securities, subject to certain exceptions set forth in the Rule 206(4)-2 of the Advisers Act and related guidance, because of the authority that the Adviser and its affiliated entities (namely, the relevant General Partner) have over those assets. As discussed in Item 13, the Adviser provides audited financial statements to the investors of each Fund within 90 or 120 days of the end of each Fund's fiscal year, as well as quarterly unaudited reports, and intends to maintain such assets with qualified custodians. An independent public accountant registered with, and regularly examined by, the Public Company Accounting Oversight Board conducts annual financial audits of the Funds prepared in accordance with U.S. Generally Accepted Accounting Principles.

## **Item 16. Investment Discretion**

The Adviser has discretionary authority to manage investments with respect to the investments made on behalf of a Fund. As a general policy, the Adviser does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, the Adviser and/or its affiliates are permitted to enter into side letters with certain investors whereby the terms applicable to such investor's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser will assume this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the investors of a Fund.

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

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consents as a security holder with respect to securities owned by the Sumeru Funds ("Votes") for which the Adviser exercises voting authority and discretion. The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Sumeru Fund by maximizing the economic value of the relevant Sumeru Fund's holdings, taking into account the relevant Sumeru Fund's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

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

Investors cannot direct the Adviser's Vote.

All voting decisions initially are referred to the appropriate investment professional for a voting decision. In most cases, the relevant deal team will make the decision as to the appropriate vote for any particular Vote. In making such decision, the deal team relies on any of the information and/or research available to it. If the relevant deal team is making the voting decision, it will inform the CCO of any such voting decision, and if the CCO does not object to such decision as a result of his conflict of interest review, the Vote will be voted in such manner.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according to the first priority to the best interest of the relevant Sumeru Funds. The Adviser's CCO will use his best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his independent assessment of the best interests of the Sumeru Funds.

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

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Sumeru Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Robert (Randy) Randleman: Chief Compliance Officer, Sumeru Equity Partners, 2020 Pioneer Court, San Mateo, CA 94403.

#### **Item 18. Financial Information**

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance, and thus is not required to provide a copy of a balance sheet for the most recent fiscal year. Additionally, the Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy petition.

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

Item 19 is not applicable to the Adviser.