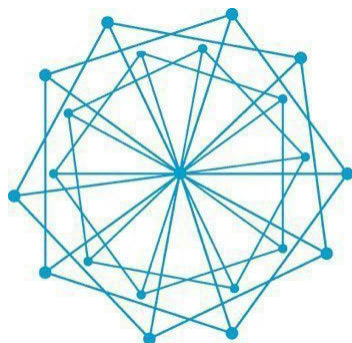


Item 1 – Cover Page



# BRIGHTSTAR

## CAPITAL PARTNERS

### Form ADV Part 2A: FIRM BROCHURE

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**March 29, 2024**

This Brochure provides information about the qualifications and business practices of Brightstar Capital Partners, L.P. (“Brightstar”). If you have any questions about the contents of this Brochure, please contact us at (314) 403-1030 or [clukach@brightstarcp.com](mailto:clukach@brightstarcp.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Brightstar is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about Brightstar is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since Brightstar’s last other-than-annual Brochure filing on June 30, 2023, there have been no material changes made to this Brochure. Brightstar encourages all recipients of this Brochure to read it carefully in its entirety.

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## Item 4 – Advisory Business

Founded in July 2015, Brightstar Capital Partners, L.P. (collectively with its general partners, relying adviser and affiliate entities, “Brightstar” or the “Firm”), is a private equity firm with the primary investment objective of seeking to make privately negotiated equity and equity-related investments with control or control-oriented interests in operating companies in the United States and / or Canada. In particular, the Firm will generally seek to make investments in closely held family, founder or entrepreneur-owned businesses as well as corporate partnerships where Brightstar believes it can drive significant value to the management, operations and strategic direction of the business. Headquartered in New York City, the Firm also maintains an office in Denver, Colorado; St. Louis, Missouri; Palm Beach, Florida; Laguna Beach, California; Old Greenwich, Connecticut; and Brentwood, Tennessee.

Brightstar typically focuses on proprietarily sourced, middle market investments in established industries where the investment thesis can be clearly articulated, the diligence process is thorough and Brightstar believes it can add strategic and/or operational value through its experience and network of relationships. Brightstar seeks to make equity investments of \$75-\$500 million per portfolio company primarily in U.S. or Canadian middle market companies with revenues between \$50 million and \$1 billion. The Firm’s investment team includes 30 professionals with a strong combination of operating and investment experience.

Brightstar serves as the investment adviser for and provides discretionary investment advisory services to private funds exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), as well as to co-investment funds (collectively referred to throughout this Brochure as “Funds” and each a “Fund”). Investments are frequently made through various alternative investment vehicles, special purpose vehicles or feeder funds for legal, tax, regulatory or other structuring reasons. In particular, Brightstar provides investment advisory services to Brightstar Capital Partners Fund I, L.P. (“Fund I”); Brightstar Capital Partners Strategic Fund I, L.P. (“Strategic Fund”); Brightstar Capital Partners GRS, L.P. (“GRS”); Brightstar Capital Partners Texas Water, L.P. (“Texas Water”); Brightstar Capital Partners QualTek, L.P. (“QualTek”); Brightstar Capital Partners InfraServ, L.P. (“InfraServ”, and, together with the Funds referenced above, the “Fund I Funds”); Brightstar Capital Partners Fund II, L.P. (“Fund II”); Brightstar Capital Partners Fund II-A, L.P. (“Fund II-A”); Brightstar Capital Partners Replay, L.P. (“Replay”); and Brightstar Capital Partners Meridian, L.P. (“Meridian”, and together with Fund II, Fund II-A, and Replay the “Fund II Funds”); and Brightstar Capital Partners Fund III, L.P. (“Fund III”); Brightstar Capital Partners Fund III-A, L.P. (“Fund III-A”); and Brightstar Capital Partners Delta, L.P. (“Delta” and, together with Fund III and Fund III-A, the “Fund III Funds”). Each of GRS, Texas Water, QualTek, and InfraServ were formed to invest alongside Fund I and Strategic Fund in particular portfolio company transactions. Replay and Meridian were formed to invest alongside Fund II and Fund II-A in particular portfolio company transactions. Delta was formed to invest alongside Fund III and Fund III-A in a particular portfolio company transaction. Brightstar expects to form additional vehicles to co-invest alongside Fund III and Fund III-A in particular transactions in the future. For more information about the Brightstar Funds, please see the Firm’s Form ADV Part 1, Schedule D, Section 7.B.(1) Private Fund Reporting.

Brightstar Associates, L.P. (the “Fund I General Partner”), serves as the general partner of the Fund I Funds, Brightstar Associates II, L.P. (the “Fund II General Partner”) serves as the general partner of Fund II Funds and Brightstar Associates III, L.P. (the “Fund III General Partner”, and, together with the Fund I General Partner and Fund II General Partner, each a “General Partner” and together the “General Partners”) serves as the general partner of Fund III. Brightstar Advisors, L.P., an affiliate of the General Partners, serves as an affiliate adviser to the Firm in respect of the Fund I Funds (the “Fund I Advisor”); Brightstar Advisors II, L.P., an affiliate of the General Partners, serves as an affiliate adviser to the Firm in respect of Fund II Funds (the “Fund II Advisor”); Brightstar Advisors III, L.P., an affiliate of the General Partners, serves as an affiliate adviser to the Firm in respect of Fund III Funds (the “Fund III Advisor”, and, together with the Fund I Advisor and Fund II Advisor, each an “Advisor” and together the “Advisors”), along with the General Partners, have authority to make investment decisions on behalf of the Funds and are deemed to be registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), pursuant to Brightstar’s registration in accordance with SEC guidance. While the General Partners maintain ultimate authority over the respective Funds, Brightstar has been delegated the role of investment adviser. More information about these entities is available in Form ADV Part 1, Schedule D, Section 7.A and Schedule R respectively.

Brightstar provides investment advisory services as a private equity fund manager to its Funds. Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds generally invest through negotiated transactions in operating companies. Brightstar’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. When such investments consist of portfolio companies, Andrew S. Weinberg, the Managing Partner of the Firm (the “Managing Partner”), partners, or other Brightstar personnel will generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds. Brightstar does not tailor its advisory services to the individual needs of investors in its Funds; the Firm’s investment advice and authority for each Fund is tailored to the investment objectives of that Fund. These objectives are described in the private placement memorandum, Fund limited partnership agreement, advisory agreements, and other governing documents of the relevant Fund (collectively, “Governing Documents”). 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 pursuant to the terms of the applicable Governing Documents and/or agreed upon side letters. Brightstar has entered into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing, a Fund’s Governing Documents. Once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

Brightstar does not participate in wrap fee programs.

As of December 31, 2023, Brightstar had \$4,347,029,921 of regulatory assets under management, all managed on a discretionary basis. Brightstar is principally owned by the Managing Partner through various entities under his control.

## **Item 5 – Fees and Compensation**

Brightstar or an affiliate thereof receives management fees and its affiliated General Partners are allocated carried interest as compensation for providing investment advisory services to the Funds. The following is a general description of fees, compensation and expenses of the Funds. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how Brightstar is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents. Each Fund's Governing Documents describe fees, compensation and expenses in greater detail.

### **Management Fees**

Brightstar charges each Fund a management fee (the "Management Fee"), generally 2% per annum, although some Funds (such as the Strategic Fund) charge a lower Management Fee or no Management Fee (such as, for example, in the case of Replay, Meridian, and Delta). The Management Fee charged to each Fund is specified in the Governing Documents of each Fund. All Management Fees were negotiated with the Fund's investors during the fundraising period of the applicable Fund and are not subject to negotiation after. Generally, Management Fees are initially calculated based upon each investor's committed capital for the period of time during which each Fund is making investments until a date specified in the Governing Documents (the "Stepdown Date"); thereafter, the Management Fee will be equal to a percentage of each investor's invested capital with respect to investments that have not been disposed of or determined to be "worthless" as provided under The Internal Revenue Code of 1986, as amended, and have a fair value of zero ("Impaired Value Investments"). In certain Funds, such as the Strategic Fund and certain co-investment vehicles, the Management Fee is calculated upon each investor's invested capital. For more specific information on the Management Fees for each Fund, please refer to the relevant Fund's Governing Documents.

As a result, the amount of Management 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 (whether temporary or permanent), except in the case of an Impaired Value Investment. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (*e.g.*, those resulting from a dividend recapitalization) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions or in circumstances where one or more other Funds divest their respective investment(s) in the relevant portfolio company, whether in whole or in part, in each case in circumstances that do not result in the complete disposition of the relevant Fund's investment therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

In many circumstances, the fair value component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management 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.

The Governing Documents set forth the terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

Brightstar may, in its sole discretion, waive all or a portion of the Management Fee. Management Fees differ from one Fund to another, as well as among investors in the same Fund. For example, Management Fees are generally waived for Brightstar employees, affiliates and their families investing in a Fund. Similarly, investors in a co-investment Fund pay a reduced Management Fee or no Management Fee.

The Management Fee is accrued and payable quarterly in advance, is payable without regard to the overall success or income earned by a Fund and is deducted from the applicable Fund's account. Installments of the Management Fee payable for any period other than a full calendar quarter are adjusted on a pro rata basis according to the actual number of days in such period, and in the case of the last period in which the Management Fee is paid. Management Fees and other fees are paid either through a capital call notice to investors, as a Fund expense or are deducted from distributions to investors.

The Funds typically invest on a long-term basis. Accordingly, Management Fees are expected to be paid, except as otherwise described in the relevant Governing Documents, over the term of the Funds' lives and investors generally are not permitted to withdraw or redeem interests in the Funds.

### **Carried Interest**

As described in Item 6 below, each General Partner is entitled to be allocated carried interest ("Carried Interest") with respect to the Funds, which generally equals a specified percentage of profits pursuant to a distribution waterfall described in the Governing Documents of the applicable Fund.

### **Manager Expenses**

Brightstar and its affiliates are responsible for all of the day-to-day overhead expenses, including office expenses and compensation of its employees and partners, any out-of-pocket costs and expenses incurred in causing the Firm to register and/or maintain registration, as the case may be, as an investment adviser under the Advisers Act and/or other registration, filing or permit fees imposed on Brightstar (and not the Fund) under other applicable law.

## Fund Expenses

The Funds, except as noted above, will pay all expenses (which may differ across Funds) of operating the Funds (except those reimbursed by a portfolio company), including (but not limited to): (i) fees, costs and expenses of any administrators, custodians, depositaries, attorneys, accountants, tax advisers, consultants, brokers, deal finders, agents, valuation experts, data providers (including related systems and services from such data providers and data management software) and other advisers and professionals (including audit and certification fees and the costs of preparing, printing and distributing reports to limited partners) and costs of related information management systems (whether maintained at Brightstar or otherwise); (ii) costs associated with preparing, printing and distributing communications and reports to limited partners and monitoring investor portfolio activity (including, without limitation, accounting or financial management software and other third party expenses incurred in connection with secure communications to limited partners, the preparation of financial statements and other accounting or similar administrative functions); (iii) all out-of-pocket fees, costs and expenses incurred in connection with attending meetings or conferences related to portfolio investments (including travel related thereto), developing, negotiating, sourcing, bidding on, evaluating, structuring, obtaining regulatory approvals for, purchasing, trading, settling, monitoring, maintaining custody of, holding and disposing of actual investments and costs of related information management and trading systems, including any financing, legal, accounting, advisory and consulting expenses and any travel and accommodation expenses in connection therewith (to the extent not subject to any reimbursement of such costs and expenses by entities in which the Funds invest or other third parties), any costs and expenses arising from any foreign exchange or other currency transactions, and any insurance, indemnity or litigation expense; (iv) any out-of-pocket expenses incurred in connection with the Funds' legal, tax, regulatory and statutory compliance with U.S. federal, state, local, non-U.S. or other law and regulation (including, without limitation, regulatory filings of Brightstar and its affiliates relating to the Funds and their activities, including reporting on and compliance with Form PF, FATCA (as defined in the applicable Fund partnership agreement) and any comparable legislation or regulations published by any other relevant jurisdiction) and third party expenses incurred in connection with such laws or regulations; (v) any out-of-pocket expenses incurred in connection with the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, and compliance with any tax or financial account reporting regime and preparation and delivery of any notices required pursuant to the applicable Fund partnership agreement and other Fund-related reporting obligations; (vi) fees, costs and expenses related to the organization or maintenance of any feeder fund, blocker corporation or other entity (each, an "Intermediate Entity") used to acquire, hold or dispose of any investment or otherwise facilitating the Funds' investment activities, including without limitation any travel and accommodation expenses related to such entity, the salary and benefits of any personnel reasonably necessary for the maintenance of such entity or other overhead expenses in connection therewith; (vii) out-of-pocket costs and expenses, if any, incurred by or on behalf of the Funds in developing, negotiating and structuring prospective or potential portfolio investments which are not ultimately made, including, without limitation, any legal, accounting, advisory, financing, travel and consulting costs and expenses in connection therewith ("Broken-Deal Expenses"); (viii) brokerage commissions, prime brokerage fees, custodial expenses, agent bank and other bank service fees, travel and related expenses and other investment costs, fees and expenses actually incurred in connection with actual



investments; (ix) out-of-pocket costs and expenses, if any, associated with any third-party examinations or audits (including other similar services) of the Funds, the General Partners or the Advisors that are attributable to the operation of the Funds or requested by limited partners; (x) the costs and expenses of any lenders, investment banks and other financing sources (including principal and interest and fees and other expenses arising out of borrowings made by the Funds permitted to be incurred by the applicable Fund partnership agreement, including the arranging thereof and any related expenses or professional fees incurred in connection with any procedure reports for lenders and any indemnification obligations); (xi) out-of-pocket costs and expenses related to any defaults by limited partners in the payment of any capital contributions; (xii) unreimbursed costs of the General Partners incurred in connection with any transfer, proposed transfer or permitted withdrawal of a limited partner's interest in the applicable Fund or any limited partner's name change, internal restructuring or change in registered agent or custodian; (xiii) the costs of any litigation, directors' and officers' liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Funds, including indemnification obligations to any placement agents and finders in connection with the offer and sale of interests; (xiv) the out-of-pocket expenses incurred in connection with complying with and administering provisions in side letters entered into with limited partners (including the process of distributing and implementing applicable elections pursuant to any "most-favored-nations" clauses in side letters), compiling compendiums of side letter provisions and preparing Fund-compliance checklists or operations manuals; (xv) expenses of dissolving, winding up and terminating the Funds and any feeder funds and liquidating the Funds and/or any feeder fund's assets; (xvi) except as described in the applicable Fund partnership agreement, any taxes, fees or other governmental charges levied against or payable by the Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds; (xvii) fees, costs and expenses of tax advisers and tax structuring with respect to portfolio investments, including any costs and expenses incurred in administering or maintaining any non-U.S. entities or other holding companies formed or used by the applicable Fund(s) to hold or make portfolio investments (whether incurred by the applicable Advisor or its affiliates, including the allocable rent and/or compensation cost of those personnel located in local non-U.S. offices who are involved in providing such services, or by any third party); (xviii) to the extent not paid by an Intermediate Entity or its equity holders, the expenses of such Intermediate Entity (which expenses may be specially allocated to the Fund partners with a direct or indirect interest in such intermediate entity); (xix) to the extent not paid by a feeder fund or its partners, the expenses of such feeder fund (which expenses may be specially allocated to such feeder fund); (xx) all fees, costs and expenses incurred in connection with establishing, implementing, monitoring and/or measuring the impact of the General Partner's (through its affiliates) environmental, social and governance policies and programs with respect to the applicable Fund and its portfolio investments or prospective investments, including, without limitation, all fees, costs, and expenses incurred in connection with the General Partner's (through its affiliates) environmental, social and governance tracking tools, climate risk assessments and any other assessments, measurements, advice or reports conducted as part of implementing, monitoring and maintaining the General Partner's (through its affiliates) environmental, social and governance policies and procedures with respect to the applicable Fund or its portfolio investments or prospective investments or otherwise designed to promote or evaluate the applicable Fund's or its portfolio investments' or prospective investments' achievement of environmental, social and governance objectives; and (xxxiv) the out-of-pocket and other legal and advisory expenses of the limited partner advisory committee and

expenses associated with any meeting or conference with one or more limited partners and/or the limited partner advisory committee, including, without limitation, travel, set-up, room and board, honorarium, dining, entertainment and related expenses. For the avoidance of doubt, any travel expenses described herein may include expenses associated with the use of private aircraft, business class or first-class travel. For more information about Brightstar's brokerage practices, please see Item 12, below.

Brightstar, the Funds or portfolio companies receive products or services from third parties, the costs and expenses of which are allocable (in whole or in part) between or among Brightstar, the Funds and/or the portfolio companies. Brightstar allocates expenses among parties in the manner prescribed by the applicable Governing Documents for such Funds, and in cases where costs and expenses are properly allocable between or among multiple parties, the allocation would be done in a manner that Brightstar considers to be fair and equitable, taking into account factors such as the actual or estimated relative benefits to each applicable party of the expense-generating item (which typically would include consideration of the funds' relative position sizes in an expense-generating investment). A conflict of interest could arise in Brightstar's determination of whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of partnership operational expenses for which such Fund is responsible, or whether such expenses should be borne by Brightstar. The Funds will be reliant on the determinations of Brightstar in this regard. It is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Brightstar to be the most appropriate corrective measure. There can be no assurance that allocation errors will not arise or that corrective measures will be possible in all circumstances.

### **Offering and Organizational Expenses**

Each investor will bear its pro rata share of the relevant Fund's, the relevant General Partner's and Advisor's organizational expenses, including without limitation any related legal and accounting fees and expenses, travel expenses and filing fees, capital raising and other organizational expenses ("Organizational Expenses"). The amount of Organizational Expenses borne by each Fund varies by Fund and is further detailed in the Governing Documents of each Fund.

### **Portfolio Company Remuneration**

Brightstar is permitted to receive director's fees, consulting fees, commitment fees, monitoring fees, break-up fees and success fees or other remuneration (including any options, warrants or other equity securities), the amount of which are paid by the Funds (directly or indirectly by the portfolio companies) and are determined by Brightstar on a transaction-by-transaction basis, subject to the terms set forth in each Fund's Governing Documents. Any such fees paid during the year to Brightstar, the General Partners, or their personnel generally shall be used first to offset any transaction expenses advanced by Brightstar and not reimbursed by a Fund. Each portfolio company typically pays for or reimburses the Firm for the travel of Brightstar personnel to visit such portfolio company. However,

any reimbursement by a portfolio company of out-of-pocket expenses incurred by Brightstar, a General Partner or their respective affiliates will not be offset against the Management Fee payable by the Funds. Brightstar does not accelerate monitoring fees.

Brightstar may (in its sole discretion), agree to pay a transaction fee, portion of carried interest or other fee received from an actual or prospective portfolio company to a third party, such as a consultant, partner, finder, broker and/or investment bank. In such event, the third-party fee is not a fee that Brightstar is entitled to retain and, therefore, Brightstar is not required under the terms of the applicable organizational documents to share such third-party fees with a Fund.

### **Senior Advisers**

As described in the Governing Documents, it is Brightstar's practice to employ, use or retain certain operating partners and other consultants (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest ("Senior Advisers"). Senior Advisers generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Senior Advisers receive compensation, and the relevant Fund typically will bear the costs of all Senior Adviser compensation as well as fees, costs and expenses of structuring Senior Adviser arrangements. Senior Advisers also generally will be reimbursed for certain travel and other costs in connection with their services. No such amounts will offset or reduce the Management Fee.

### **Co-Investment Expenses**

In certain cases, one or more co-investment vehicles or other similar vehicle established to facilitate investments alongside a Fund will be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, 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, no such co-investment vehicle generally will have been formed, and the full amount of Broken-Deal Expenses therefore would generally be borne by the Fund or Funds selected 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 Broken-Deal Expenses or break-up fees until they are contractually committed to invest in the prospective investment.

### **Fee Offset**

In connection with actual or potential portfolio investments, 100% of the applicable Fund's allocable share of all net transaction, directors, consulting, management, investment banking, monitoring,

closing, topping, break-up and other similar fees paid to or received by Brightstar or its affiliates in connection with portfolio investments or its unconsummated transactions will be applied to reduce the Management Fee payable by such Fund. For the avoidance of doubt, the Management Fee will not be reduced by any such fees attributable to any portion of investments that are not attributable to the Fund (e.g., the portion attributable to co-investors). Such fees subject to offset shall be net of unreimbursed out-of-pocket expenses incurred by Brightstar or its affiliates in connection with the transaction out of which such fees arose. Such reduction amount will be net of any unrecouped Broken-Deal Expenses, which Brightstar has elected to pay on behalf of the Funds. To the extent any of these offsets would reduce the Management Fee for a given quarterly period below zero, such offsets will be carried forward and reduce future installments of the Management Fee.

The extent of the offset (whether full or partial), the timing of offsets and the types of compensation resulting in such an offset, is specified in the Governing Documents of the applicable Fund. Brightstar endeavors to apply offsets in the same accounting period in which such offset amount was received; however, it is not uncommon that such offset occurs in an accounting period subsequent to the period in which such fee was paid or earned.

Brightstar and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from its or their activities on behalf of the Funds which will not be subject to Management Fee offset or otherwise shared with the Funds. For example, credit cards used to incur Fund expenses, hotel chains or other merchants may provide for “points” or other “rewards” and airline travel may result in “miles” or credit in loyalty/status programs, and in each case such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Brightstar and/or such personnel (and not the Funds, investors in the Funds or portfolio companies) even though the cost of the underlying service is borne by the Funds and/or portfolio companies. Brightstar endeavors to deploy points, miles or similar rewards accrued by it, where possible, in a manner that facilitates its ability to execute on Brightstar’s business overall, including its responsibilities to the Funds, which includes defraying expenses that are not in and of themselves Fund expenses.

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

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

Each Fund’s General Partner is entitled to be allocated Carried Interest with respect to the Funds, which is generally equal to 20% of all realized profits in excess of an 8% annually compounded preferred return (or hurdle) and subject to reimbursement of all allocable Fund expenses, including Management Fees. A Carried Interest allocation represents an adviser’s compensation based on a percentage of net profits of the Funds it manages. Each Fund’s Carried Interest arrangement may differ, and 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. The Carried Interest allocated to a General Partner is subject to a potential giveback if the respective General Partner has received excess cumulative distributions.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund may, in its sole discretion, waive or reduce the amount of Carried Interest for an investor in a Fund. Specifically, if principals and employees, and their respective family and friends are Fund investors, they will generally pay reduced Carried Interest or none at all. Similarly, investors in co-investment Funds generally pay a lower amount of Carried Interest or none at all.

The fact that each General Partner's Carried Interest allocations are based on the performance of the respective Funds has the potential to create an incentive for Brightstar to make investments that are riskier or more speculative than would be the case in the absence of such distributions. Brightstar generally considers performance-based compensation to better align its interests with those of its investors due to the fact that any losses the Funds sustain will reduce such General Partner's Carried Interest distribution and the fact that Carried Interest is generally calculated only after investors have received as distributions 100% of their capital contributions plus a preferred return as well as the fact that the Managing Partner and other Brightstar employees have invested a significant portion of their individual liquid net worth in the Funds (through the General Partners).

Funds with specified investment objectives which are similar may be managed in a similar way and may invest in the same assets. Investment opportunities which satisfy the investment parameters of more than one Fund will be allocated in accordance with Brightstar's policies and procedures and in accordance with the applicable Governing Documents. Brightstar's policies and procedures for the allocation of investments are determined by its investment committee and monitored by Brightstar's Chief Compliance Officer.

## **Item 7 – Types of Clients**

Brightstar provides investment advice to the Funds. The Funds limit their investors to persons who are both "accredited investors" as defined in the Securities Act and "qualified purchasers" or "knowledgeable employees" as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"). Investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. The Funds are not registered or required to be registered under the Investment Company Act; its securities are not registered or required to be registered under the Securities Act and are privately placed to qualified investors in the United States and elsewhere.

The investors participating in the Funds include individuals, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Brightstar and its affiliates and members of their families, or other service providers retained by Brightstar.

The Funds typically require capital commitments from each investor of at least \$10 million, depending on the Fund, although commitments of less than \$10 million have been accepted in the discretion of

the applicable Fund's General Partner.

Brightstar also serves as the investment manager for co-investment vehicles that invest in certain Fund portfolio companies. Opportunities to invest in a portfolio company are made available (after satisfying obligations to the Funds) to Fund investors and third parties, subject to a variety of factors as determined by the Firm in its sole discretion. Such determinations are based on the provisions of the applicable Governing Documents and such other factors as Brightstar may consider in its sole discretion, including those that may be specified in its policies on investment allocation and co-investments.

Some co-investors may be provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisers of a Brightstar portfolio company. Positions on boards of directors or advisers of such portfolio companies may provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors. Any board fees received by such co-investors, if any, are paid by the relevant portfolio company and are not subject to the offset against Management Fees.

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

Brightstar seeks to make investments in closely held, entrepreneurial or family-owned U.S. or Canadian middle market businesses as well as corporate partnerships where Brightstar believes it can have an impact on the management, operations and/or the strategic direction of the business. These businesses, which typically are sourced through Brightstar's network of relationships, often require capital for internal growth or acquisitions. Brightstar typically focuses on investments in established industries where the investment thesis can be clearly articulated, the diligence process is thorough, and Brightstar believes it can add strategic or operational value through its experience and network of relationships. Brightstar seeks to make equity investments of \$75-\$500 million per portfolio company primarily in U.S. or Canadian middle market companies with revenues between \$50 million and \$1 billion. Brightstar typically seeks to make control or control-oriented investments; however, Brightstar will make non-control investments if it can ensure that adequate governance and other protections are in place to protect the Funds' investment. Brightstar believes that investing with collaborative management involvement in its portfolio companies increases its ability to deliver value creation.

*Sourcing.* In pursuing investments for the Funds, Brightstar primarily seeks opportunities where it can provide meaningful support in management, operations and/or the strategic direction of the business. Brightstar employs strategies to accelerate the growth and the profitability of each portfolio company and, potentially, the return on the investment to investors.

*Rigorous Investment Evaluation.* Once Brightstar has identified a company that meets its initial criteria, the investment team will seek to conduct a thorough due diligence process. Brightstar's investment team has extensive experience in rigorous investment evaluation. Brightstar believes that deep and granular due diligence help allow it to better assess and quantify the opportunities for and challenges to the

investment. As a result, the Funds typically will seek to enter into investments with a road map of definable strategic initiatives for creating post-investment value. An investment committee comprised of the Managing Partner and certain partners of the investment team will review every transaction and hold a unanimous vote to make portfolio investment decisions.

*Post-Acquisition Value-Add.* The Brightstar team has experience across many sectors and has owned portfolio companies through many cycles. Brightstar typically underwrites a detailed business plan for each portfolio company over a three-to-five-year time frame. Brightstar seeks to be an engaged and collaborative private equity investor. The Firm typically will pursue opportunities where it can have an impact on the management, operations and/or strategic direction of the business and expects to play a collaborative role in enhancing the company's post-investment value. With its network of operational experience, Brightstar believes it can focus its efforts on one to three key strategic initiatives during the course of an investment which may create a positive, differentiated outcome for the investment. The initiatives may vary from scaling growth to customer acquisition to return on capital efficiency, among others.

*Exit Alternatives.* Brightstar's professionals have long-term experience in equity and debt capital markets, mergers and acquisitions and recapitalizations. Brightstar seeks to identify potential exit strategies early in the due diligence process and evaluation of the investment opportunity, providing further clarity to the required initiatives, timeline and targeted results for an investment. Post-investment, Brightstar will monitor all portfolio companies, typically speaking with management teams at least weekly. As Brightstar monitors the Funds' portfolio companies, it will continually evaluate potential realizations. The Managing Partner has experience in structuring and negotiating exits including initial public offerings, recapitalizations, sales to third parties and mergers.

## **Risk Factors**

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a Fund and for which the respective Fund does not represent a complete investment program. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Risks and potential conflicts of interest include, but are not limited to, the following:

*Reliance on the General Partner and Adviser; Passive Investment.* Brightstar and its affiliates will have exclusive responsibility for the Funds' activities, and investors will not be able to make investment or any other decisions concerning the management of the Funds (although the limited partner advisory committee will have a role in reviewing and/or approving certain matters as more fully set forth in the relevant Governing Documents). Investors have no rights or powers to take part in the management of a Fund or make investment decisions and will not receive the information about portfolio investments that is generally available to the Firm. The success of each Fund will depend on the ability of the Brightstar

investment team to identify suitable investments, to negotiate and arrange the closing of appropriate transactions and to arrange the timely disposition of portfolio investments. Brightstar may be unable to find a sufficient number of suitable attractive opportunities to meet the Funds' investment objectives.

*Highly Competitive Market for Investment Opportunities.* The Funds' strategy is based, in part, upon the premise that investments will be available for purchase by the Funds at prices that the Firm considers favorable. The activity of identifying, completing and realizing on attractive private equity and other similar investments is highly competitive and involves a high degree of uncertainty. The Funds expect to encounter competition from other entities having similar investment objectives and others pursuing the same or similar opportunities. The Funds will be competing for investments with other private equity investment managers, as well as individuals, companies, financial institutions, sovereign wealth funds, private investment funds and other institutional investors. Further, over the past several years an ever-increasing number of private equity funds with objectives similar to those of the Funds have and may be formed (and many existing funds have grown in size). The Funds will potentially incur significant expenses identifying, investigating and attempting to acquire potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, extended competitive bidding processes, legal expenses and the fees of other third-party advisors. To the extent that the Funds encounter competition for investments, returns to investors may decrease.

*Uncertain Exit Strategies.* Due to the illiquid nature of many of the positions which the Funds are expected to acquire, as well as the uncertainties of the reorganization and active management process, when entering into a new investment, Brightstar is unable to predict with confidence what the exit strategy ultimately will be for any given portfolio investment, or that one definitely will be available. Exit strategies which appear to be viable when a portfolio investment is initiated may be precluded by the time the portfolio investment is ready to be realized due to economic, legal, political or other factors.

*Investments in Highly Levered Companies.* The Funds' portfolio investments are expected to include companies whose capital structures may have significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation and Brightstar will seek to use leverage in a manner it believes to be prudent, investments in levered companies involve a high degree of risk. The Funds' portfolio investments may involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other changes that affect the relevant portfolio company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies. In using leverage, these companies may be subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates will, unless such rates are fixed pursuant to the terms of any such indebtedness, significantly increase portfolio companies' interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet its debt obligations, the Funds may suffer a partial or total loss of capital invested in the portfolio company.



A Fund may sometimes leverage its capital because its General Partner believes that the use of leverage may enable the Fund to achieve a higher rate of return. Accordingly, in such circumstances the Fund may pledge its securities in order to borrow additional funds for investment purposes. The Fund also may leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Fund may have outstanding at any time may be substantial in relation to its capital. Although borrowings by the Fund have the potential to enhance overall returns that exceed the Fund's cost of funds, they will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. Borrowing money to take positions provides the Fund with the advantages of leverage but exposes it to greater market risks and higher current expenses.

While leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage by the Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund which would be greater than if the Fund was not leveraged.

*Illiquid and Long-Term Investments, Investments Longer than Term.* It is anticipated that there will be a significant period of time before the Funds will have completed investments in portfolio companies. Many of such investments could take at least three to five years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. The Funds' ability to realize an investment can be dependent on the public equity markets (e.g., demand for new public offerings and security sales) and investments in publicly traded securities are subject to restrictions under relevant securities laws (e.g., Section 16 of the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended). Although portfolio investments by the Funds occasionally may generate some current income, the return of capital and the realization of gains, if any, from a portfolio investment generally will occur only upon the recapitalization, public offering or partial or complete disposition of such portfolio investment. Private investment transaction structures typically will not provide for liquidity of the Funds' investments prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Funds' investments will occur for a substantial period of time from the date of closing of any Fund.

*Non-U.S. Investments.* The Funds may invest a portion of its aggregate commitments outside of the U.S. and Canada. Non-U.S. securities or instruments involve certain risks not typically associated with investing in U.S. securities or instruments. The Funds may be less influential than other market participants in jurisdictions where it does not have a significant presence.

*Additional Capital Requirements of Portfolio Companies – Platform Investments Generally.* Certain of the Funds' portfolio companies, especially those in a development or "platform" phase expected to lead to the formation of a future portfolio company, are expected to require additional financing to satisfy their working capital requirements, business development needs or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is

typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the relevant Fund. The availability of capital is generally a function of capital market conditions that are beyond the control of the Fund or any portfolio company. In addition, the Funds may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve the Funds' proportionate ownership when a subsequent financing is planned, or to protect the Funds' investment when the performance of such portfolio company does not meet expectations. To the extent a portfolio company in which a Fund has invested receives additional funding in subsequent financings and the Fund does not participate in any such additional financing rounds or offerings, the Fund's interest in the portfolio company may be diluted or become functionally subordinated. There can be no assurance that Brightstar or the portfolio companies themselves will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. The Funds may be called upon to provide follow-on funding for its investments or have the opportunity to increase its investment in such a portfolio company. There can be no assurance that the Funds will want to make follow-on investments or that it will have sufficient funds or the ability to do so. Any decision by the Funds not to make a follow-on investment or its inability to make it may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Funds' ability to influence the portfolio company's future development.

*Reliance on Portfolio Companies' Management Teams.* Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although Brightstar will be responsible for monitoring the performance of each investment and intends to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with the respective business plan or the expectations of the Funds. The success of each portfolio company depends in substantial part upon the skill and expertise of each portfolio company's management team. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, thus, the Funds may be adversely affected thereby.

*Financial Projections Related to Portfolio Companies.* Brightstar generally will make investment decisions and establish the pricing of transactions, the capital structure of portfolio companies, and/or the terms of financing for a portfolio investment, on the basis of financial projections, including projections specific for such portfolio companies. There can be no assurance that financial or economic models used to determine investment decisions will be correct, accurate or appropriately reflect subsequent developments or all the other factors that could cause actual results to differ from such models or projections. Projected operating results will often be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be

obtained, and actual results may vary significantly from the projections. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections. Moreover, the Funds' portfolio investments, particularly investments in loans or other forms of indebtedness, may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer or borrower repaying the principal on an obligation held by the Funds earlier than expected (which could result in the Funds' investment return from such portfolio investment being less than that anticipated by the relevant Fund when it made the portfolio investment). Therefore, the Funds' ability to achieve its investment objective may be affected.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies.* Before making portfolio investments, Brightstar typically will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each asset or company. Due diligence generally entails evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisers, accountants, investment banks and other third parties oftentimes are involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to Brightstar's reduced control of the functions that are outsourced. In addition, if Brightstar is unable to timely engage third party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, Brightstar will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigation that Brightstar carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that are necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the portfolio investment being successful. In circumstances where Brightstar accesses material non-public confidential information, there is the possibility that trading restrictions can result that would affect the Funds' ability to transact. Additionally, among the other risks inherent in investments, particularly so in companies experiencing financial distress, is the fact that it frequently is difficult to obtain information as to the true condition of such issuers. There can be no assurance that attempts to provide downside protection with respect to assets or companies in which Brightstar invests will achieve their desired effect, and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk.

*Participation on Boards of Directors and Other Committees.* The Funds may, in certain circumstances, have the opportunity to place its representatives on the boards of directors and/or other committees of certain companies in which a relevant Fund has invested. In addition, the Funds will invest in affiliate companies in which Brightstar and/or other Brightstar investors have representatives on the boards of such companies. While such representation may enable the Funds to enhance the sale value of their debt investments in a company, such involvement (and/or an equity stake by the Funds, Brightstar and/or other Brightstar investors in such company) could also prevent the Funds from freely disposing of their debt investments and may subject the Funds to additional liability or result in re-characterization of the Funds' debt investments as equity.

*Investments in Less-Established Companies.* The Funds may invest in the securities or instruments of less-established companies or companies which have been unaudited. Investments in such early-stage companies may involve greater risks than generally are associated with investments in more established companies. Such companies may not have securities that trade publicly and may not have easy access to the capital markets or other traditional funding sources. Interests in such companies may be subject to transfer limitations and other restrictions. To the extent there is any market for the securities or instruments held by the Funds, such securities or instruments may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative. Such companies also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure, which may result in the loss of a Fund's entire investment therein. The foregoing factors may increase the difficulty of valuing such investments. In addition, there can be no assurance that any losses on such investments will be offset by gains (if any) realized on a particular Fund's other portfolio investments. Further, less mature companies could be more susceptible to irregular accounting or other fraudulent practices and in the event of fraud by any company in which Brightstar invests, Brightstar may suffer a partial or total loss of capital invested in that company.

*No Market for Investor Interests/Transferability Restrictions.* Interests in the Funds have not been registered under the Securities Act or applicable securities laws of any state or the securities laws of any non-U.S. jurisdiction. Therefore, the interests cannot be resold unless subsequently registered under the Securities Act and other applicable laws or an exemption from such registration is available. It is not contemplated that registration of the interests under the Securities Act or other securities laws ever will be affected. There is no public market for the interests in the Funds and none is expected to develop. Accordingly, it may be difficult to obtain reliable information about the value of the interests. In addition, the interests are not transferable except with the consent of the General Partner, which it may withhold in its sole discretion. Additionally, an investor will not be permitted to share confidential information regarding the Funds or such investor's interests to prospective purchasers of its interests unless the General Partner provides its prior written consent, which it may withhold in its sole discretion. Investors may not withdraw capital from the Funds, except in very limited circumstances. The General Partner is under no obligation to facilitate or approve transfers. Consequently, investors may not be able to liquidate their investments prior to the end of the relevant Fund's term and must therefore be prepared to bear the economic risk of an investment for an indefinite period.

*Cyber Security Breaches and Identity Theft.* Brightstar's information and technology systems and those of its portfolio companies are, just as with other companies, vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Brightstar has implemented, and portfolio companies likely will have implemented, various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Brightstar, the Funds and/or a portfolio company in which Brightstar has an investment to make a

significant investment to fix or replace them. Investments of Brightstar's funds have involved and may in the future involve companies that have experienced cybersecurity events and that, given the rise of cybersecurity incidents, may become involved in future cybersecurity events. Cybersecurity events also could affect other Brightstar entities. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Brightstar's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information. Such a failure could result in reputational harm to Brightstar, the Funds and/or the affected portfolio company, subject any such entity and its affiliates to legal claims and otherwise affect its business and financial performance. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means.

Brightstar's service providers are subject to the same electronic information security threats as Brightstar. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the limited partners may be lost or improperly accessed, used or disclosed. The loss or improper access, use, or disclosure of Brightstar's or the Funds' proprietary information may cause Brightstar or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and the limited partners' investments therein.

*Valuation of Portfolio Investments and Interests.* As noted above, there is no established market for the Funds' interests and there may not be any comparable companies for which public market valuations exist. The Funds' investments will include securities or other financial instruments or obligations that are very thinly traded or for which no market exists and which may be extremely difficult to value accurately. Although Brightstar will determine the fair value of such investments based on various factors and may engage an independent third party to review such valuations, the valuation of such investments is inherently subjective and subject to increased risk that the information utilized to value the investment or to create price models may be inaccurate or subject to other error. In addition, securities which Brightstar believes are fundamentally undervalued or overvalued may not ultimately be valued in the capital markets at prices and/or within the time frame Brightstar anticipates. In particular, purchasing securities at prices which Brightstar believes to be distressed or below fair value is no guarantee that the price of such securities will not decline even further. Because of this significant uncertainty as to the valuation of illiquid investments, the values of such investments may not necessarily reflect the values that could actually be realized by the Funds. Under certain conditions the Funds may be forced to sell portfolio investments at lower prices than it had expected to realize or defer – potentially for a considerable period of time – sales that it had planned to make. In addition, under limited circumstances, Brightstar may not have access to all material information relevant to a valuation analysis with respect to a portfolio investment. As a result, the valuation of the Funds' portfolio investments, and as a result the valuation of the interests themselves, may be based on imperfect information and is subject to inherent uncertainties.

*Recycling; Reinvestment.* During the commitment period, Brightstar has the right to generally recall (or retain) distributable amounts up to the cost basis of any portfolio investment that has been disposed of within twenty-four months after the date such investment was made. Additionally, during and after

the commitment period, the amount of investment proceeds distributable to investors is recallable up to the aggregate capital contributions made by the investors for, inter alia, Management Fees, deemed contribution amounts, Organizational Expenses and fund expenses. Accordingly, during the term of the Fund, an investor may be required to make capital contributions in excess of its commitment, and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments. Moreover, because of the unpredictability of timing of sales proceeds and the amount of cumulative fees and expenses incurred by investors changing over the term of the Funds, the amount of recallable proceeds similarly will change over time in a manner that cannot be predicted, and as a result, investors will need to have sufficient liquidity in order to meet cumulative drawdown requirements that may vary across periods.

*Amendments; Side Letters.* The Funds' Governing Documents may be amended generally with the written consent of the General Partner and a majority in interest of the investors, subject to certain exceptions set forth in the relevant Fund's Governing Documents. Under certain circumstances, failure to object or respond to a proposed amendment within certain time periods specified in the Governing Documents may be deemed consent. The Governing Documents set forth certain other procedures for amendment, including provisions allowing the General Partner to amend the Governing Documents without the consent of the investors in certain circumstances. The Funds or the General Partner may enter into side letters or other similar agreements with particular investors with respect to the Funds without the approval or vote of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of the Governing Documents or the subscription agreement related thereto with respect to such investor in a manner more favorable to such investor than those applicable to other investors. Any rights established, or any terms of the Governing Documents or any subscription agreement related thereto altered or supplemented in a side letter or other similar agreement with an investor will govern solely with respect to such investor notwithstanding any other provision of the Governing Documents or any subscription agreement related thereto.

*Investments in the Communications Industry.* The Funds may make investments in communications companies. Communications companies are undergoing changes, mainly due to evolving levels of governmental regulation or deregulation as well as the development of communication technologies. Competitive pressures within the communications industry are intense and the securities or instruments of communications companies may be subject to significant price volatility. In addition, because the communications industry is subject to significant changes in technology, the companies that the Funds may invest in will face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete.

*Investments in Technology Companies.* The Funds may make investments in technology companies. Technology companies face similar risks as companies within the communications sector. Moreover, the technology industry is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products. The companies in this industry in which Brightstar has an investment will compete in this volatile environment. There is no assurance that products or services sold by these portfolio companies will

not be rendered obsolete or adversely affected by competing products and services or that these portfolio companies will not be adversely affected by other challenges. Instability, fluctuation or an overall decline within the technology industry may not be offset by increases in other industries not so affected.

*Investments in the Energy Sector.* The Funds may target companies operating in the energy sector, among others. The energy sector is highly regulated and companies operating in the industry are subject to significant regulation of nearly every aspect of their operations by federal, state and local governmental agencies. Examples of governmental regulations which impact companies operating in the energy sector include, without limitation, regulation of the construction, maintenance and operation of facilities, environmental regulation, worker safety regulation, labor regulation, trade regulation and the regulation of the prices charged for products and services. Compliance with these regulations is enforced by numerous governmental agencies and authorities through administrative, civil and criminal penalties. Stricter laws or regulations or stricter enforcement policies with respect to existing regulations would likely increase the costs of regulatory compliance and could have an adverse effect on the financial performance of companies operating in the energy sector.

The operations of energy companies are subject to many risks inherent in the production, exploration, management, transporting, processing, storing, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, coal, refined petroleum products or other hydrocarbons, or in the exploring, managing or producing of such commodities, including, without limitation: damage to pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters or by acts of terrorism; inadvertent damage from construction and farm equipment; leaks of natural gas, natural gas liquids, crude oil, refined petroleum and petroleum products other hydrocarbons; and fires and explosions. These dangers give rise to risks of substantial losses as a result of the following: loss or destruction of commodity reserves; damage to or destruction of property, facilities and equipment; pollution and environmental damage; and personal injury or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in the curtailment or suspension of their related operations. Any occurrence of such catastrophic events could bring about a limitation, suspension or discontinuation of the operations of companies operating in the energy sector.

Companies operating in the energy sector may not be fully insured against all risks inherent in their business operations and, therefore, accidents and catastrophic events could adversely affect such companies' financial conditions, any and all of which could result in lower-than-expected returns to the Funds.

*Use of Leverage at the Fund Level.* The General Partner has in place and expects to maintain one or more revolving or other credit facilities secured by the uncalled capital commitments of the investors of the applicable Fund, as well as other assets of the Fund or of the General Partner or its affiliates. The Fund is permitted to use such credit facilities to cover Fund Expenses or Management Fees, provide interim financing for an investment in anticipation of the receipt of permanent financing or capital contributions or distributions, or fund a portion of the capital necessary for an investment if the

General Partner determines that such leverage is desirable in light of the investment objectives of the Fund, such leverage (as opposed to interim financing), is subject to any limitations regarding the length of time such leverage may remain outstanding under the Governing Agreements.

Fund-level borrowing subjects investors to certain risks and costs. For example, because amounts borrowed under a credit facility typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

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



guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

Fund-level borrowing involves a number of additional risks. For example, drawing down on a credit facility allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner 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 limited partner to meet the accumulated, larger capital calls at the same time.

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

*Bridge Financings.* The Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would

typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Funds.

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

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “Financial Institution”) of some or all of the Fund’s (or any portfolio company’s) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, 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, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Brightstar, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. 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, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental

intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of Brightstar to manage the Funds and their investments, and on the ability of Brightstar, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable 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 the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of Brightstar or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that Brightstar will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Brightstar will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

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

*Distributions In-Kind.* It is possible that not all portfolio investments will be realized by the end of the Funds' terms. In that case, in the General Partners' sole discretion, there may be in-kind distributions by the Funds of securities or instruments, which may be illiquid. There can be no assurance that limited partners will be able to dispose of such securities or instruments or that the fair value of such securities or instruments determined by the Funds for purposes of the determination of distributions and the calculation of the General Partners' Carried Interest ultimately will be realized. In addition, if the Funds receive distributions in-kind from any portfolio investment, the Funds may incur additional costs and risks in connection with the disposition of such assets. The General Partners may, in certain

circumstances, offer the limited partners to receive an in-kind distribution of marketable securities in lieu of receiving cash, and there may be conditions associated with such a choice that renders certain limited partners unavailable to make such election. Additionally, there are circumstances in the applicable Fund partnership agreement that permit the relevant General Partner (but not any unaffiliated limited partners) to receive an in-kind distribution, and in such circumstances the limited partners may not, among other things, be able to benefit from the subsequent appreciation in such property.

*Enhanced Scrutiny and Potential Regulation of the Alternative Asset Management Industry.* The Funds' ability to achieve their investment objectives, as well as the ability of the Funds to conduct their operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect the Funds' ability to achieve their investment objectives, as well as the ability of the Funds to conduct their operations. There continues to be significant legislative and regulatory developments affecting the regulation of the alternative asset management industry. As private investment firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private fund industry has recently been subject to criticism by some politicians, regulators and market commentators. Various federal, state and local agencies have been examining the role of placement agents, finders and other similar private fund service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information. Furthermore, elements of organized labor and other representatives of labor unions have, from time to time, directed opposition efforts towards a campaign targeting alternative asset management firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There can be no assurance that the foregoing will not have an adverse impact on Brightstar or the Funds or otherwise impede the Funds' activities.

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

*Litigation.* In connection with ordinary course investing activities, Brightstar, the Funds and their respective affiliates as well as portfolio companies of the Funds are and may become involved in litigation either as a plaintiff or a defendant. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Funds. Any such litigation could be prolonged and expensive.

In addition, it is by no means unusual for participants in reorganizations to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds and would reduce net assets or could require limited partners to return to the Funds distributed capital and earnings.

*Misconduct of Brightstar Personnel or Third-Party Service Providers.* There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years, and there is a risk that employee misconduct could occur with respect to the Funds. Misconduct by employees or by third-party service providers could cause significant losses to the Funds. Employee misconduct could include, among other things, binding the Funds to transactions that exceed authorized limits or present unacceptable risks and other unauthorized activities or concealing unsuccessful investments (which, in either case, may result in unknown and unmanaged risks or losses), or otherwise charging (or seeking to charge) inappropriate expenses to the Funds or Brightstar. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future activities. Furthermore, because of Brightstar's diverse businesses and the regulatory regimes under which they operate, misdeeds by a Brightstar entity (or its personnel) may result in foreclosing the Funds' ability to conduct its activities in the manner otherwise intended. It is not always possible to deter misconduct by employees or service providers, and the precautions the General Partners take to detect and prevent this activity may not be effective in all cases.

*Indemnification; Absence of Recourse.* The Funds will be required to indemnify the General Partners, the Advisors, certain service providers and their respective affiliates, and their respective officers, directors, agents, stockholders, members and partners for liabilities incurred in connection with the affairs of such Fund. Additionally, such parties may be entitled to exculpation by the Funds. Such liabilities (including, without limitation, in connection with trade errors borne by the Funds pursuant to such indemnification and exculpation provisions) may be material and have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the partners or affiliates of the General Partners may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligation of a Fund would be payable from Fund assets, including the unfunded capital commitments of the limited partners. If the assets of the Fund are insufficient, the relevant General Partner may recall distributions previously made to the limited partners (subject to certain limitations). Furthermore, as a result of the provisions contained in the applicable Fund partnership agreement, the limited partners may have a more limited right of action in certain cases than they would in the absence of such limitations. It should be noted that the General Partners may cause a Fund to purchase insurance for such Fund, the relevant General Partner, the relevant Advisor and their employees, agents and representatives. In addition, the General Partners may cause a Fund to advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification). As a result, there may be periods where a Fund is advancing expenses to an individual or entity with whom

the Fund is not aligned or is otherwise an adverse party in a dispute. The relevant liability standards under insurance coverage procured by Brightstar are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Brightstar's insurance coverage are higher or lower than that set forth in the Governing Documents.

*CFIUS and National Security Clearance Considerations.* Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

*Sanctioned Investors.* If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "Sanctions List"), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Fund.

*United Kingdom ("UK") Exit from the European Union (the "EU").* The UK formally left the EU on January 31, 2020 ("Brexit"). After a transition period that ended on December 31, 2020, EU rules ceased to apply in the UK. Although the terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement, the agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior

to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK Government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty and disruption generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Brightstar and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States

*Public Health Emergencies.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID- 19, have resulted in historic market disruptions, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

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

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

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

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

*Changes to Benchmark Rates.* To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or reference rates, including the London Interbank Offered Rate ("LIBOR"), Secured Overnight Financing Rate ("SOFR") or other rates (each, a "Benchmark Rate"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative



burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

*Environmental, Social and Governance (“ESG”) Matters.* Brightstar maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. Applying ESG factors to investment decisions is subjective by nature, and Brightstar expects to be subject to competing demands from different investors and stakeholder groups with divergent views on ESG (including the role of ESG factors in the investment process). There is no guarantee that the criteria utilized by Brightstar, or any judgment exercised by Brightstar, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, Brightstar’s ESG policy and associated ESG practices are expected to evolve over time. Although Brightstar views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long term, Brightstar cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund. For avoidance of doubt, however, Brightstar does not expect to subordinate a Fund’s investment returns or increase a Fund’s investment risks as a result of (or in connection with) the consideration of any ESG factors.

The materiality of ESG factors depends on many factors, including the relevant industry, location, asset class, and investment strategy. ESG factors, issues and considerations do not apply in every instance and will vary by Fund and investment. In addition, in evaluating an investment, Brightstar expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Brightstar to incorrectly assess a company’s ESG practices and/or related risks and opportunities. Brightstar does not intend to independently verify all ESG information reported by investments or third parties.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by asset managers. Brightstar’s adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted “anti-ESG” policies, legislation or initiatives or issued related legal opinions. Brightstar and its ESG policies could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and Brightstar cannot guarantee that its current approach will meet future regulatory requirements, reporting frameworks or best practices, including the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs.

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

*Secondaries and other General Partner-Led Transactions.* There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and Brightstar reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by Brightstar following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where Brightstar believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Brightstar and its affiliates), often on different terms than their original investment in the Fund. However, certain of such transactions are expected to require: a limited partner to invest additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio company; and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (*i.e.*, a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Brightstar or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Brightstar or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests.

Similarly, there are potential conflicts of interest among the selling Fund, Brightstar, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent Brightstar requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Brightstar in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances Brightstar reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that Brightstar will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Brightstar reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Brightstar is permitted to seek the consent of the relevant Fund advisory committee to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

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

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, Brightstar is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of Brightstar or the integrity of Brightstar's management. Brightstar and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

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

Brightstar is not actively engaged in a business other than giving investment advice to the Funds and managing portfolio companies owned by the Funds. Neither Brightstar nor any of its management persons is registered or has an application pending to register as a broker-dealer, or a registered representative of a broker-dealer. Neither Brightstar nor any of its management persons are registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser or associated person of the foregoing.

Brightstar does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, financial planning firm, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory services, the Funds or its investors.

As described above in Item 4, Brightstar is affiliated with the Funds' General Partners (Brightstar Associates, L.P., Brightstar Associates II, L.P., and Brightstar Associates III, L.P.) and the Advisors (Brightstar Advisors, L.P., Brightstar Advisors II, L.P. and Brightstar Advisors III, L.P.) who are deemed registered with the SEC under the Advisers Act pursuant to Brightstar's registration. These affiliated entities operate as a single advisory business together with Brightstar and serve as the General Partner, affiliate or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants or persons occupying similar positions. These affiliated entities do not have employees of their own. Brightstar has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other professional services. Some of these professionals may provide services to the Funds or their portfolio companies.

Brightstar periodically may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make referrals. At no time will Brightstar accept any benefits, gifts or other arrangements that are conditioned on directing individual Fund transactions to a specific investment, product or provider. Brightstar does not recommend or select other investment advisers for its Funds.

### **Conflicts of Interest**

*Co-Investment Opportunities.* Co-investment opportunities may arise, and Brightstar applies its discretion when allocating such opportunities to Brightstar's investors (including investors in the Funds), company management, service providers, third party investors and/or others, taking into account facts and circumstances which may include, the ability of potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight (inclusive of past contributions such as providing help sourcing and/or analyzing the transaction), the overall strategic or other benefit of offering an investment opportunity to such potential co-investment party, Brightstar's evaluation of the capacity and financial resources of

a potential co-investor and Brightstar'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 without harming or otherwise prejudicing the Funds, in particular when the investment opportunity is time-sensitive in nature, as is typically the case, if the potential co-investor is an investor in a Fund, the size of its capital commitment to such Fund, the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the investor would be willing to defer to Brightstar and assume a more passive role in governing the portfolio company), Brightstar's concerns regarding confidentiality or regulatory issues in connection with providing the potential co-investor with specific information relating to the investment opportunity in order to permit such party to evaluate the investment opportunity, Brightstar's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such party to respond promptly and/or affirmatively to opportunities previously offered by Brightstar, the expected amount of negotiations required in connection with a potential co-investor and the transparency and predictability of the potential co-investor's investment process, Brightstar's understanding of a potential co-investor's openness and ability to participate in any initial (and, if relevant) follow-on investment opportunities, should they arise, the character and nature of the co-investment opportunity (including structure, geographic location, tax characteristics, applicable regulation and relevant industry), the level of demand for participation in such co-investment opportunity, any issues that could influence Brightstar in its decision to invite one or more potential co-investors to participate, such as that they are subject to FOIA and/or whether participation could increase the risk of antitrust or CFIUS approval, Brightstar's evaluation of whether the profile or characteristics of the potential co-investor may have any other impact on the viability or terms of the proposed investment opportunity and the ability of the Fund to take advantage of such opportunity (for example, if the potential co-investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity), Brightstar's belief, in its sole discretion, that allocating investment opportunities to the potential co-investor will help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to a Fund or future Funds, in each case including their portfolio companies, or to Brightstar in its ability to generate new investment opportunities for a Fund or future Funds and any other facts or circumstances that Brightstar deems appropriate or relevant. In certain circumstances, service providers to the Funds may be offered the opportunity to co-invest. Brightstar endeavors to keep itself informed regarding investor interest in co-investment by maintaining records of those investors who have expressed interest in co-investments. However, Brightstar is not obligated to offer co-investments to all investors who have expressed an interest in pursuing them. Brightstar may receive fees and/or allocations from co-investors, which may differ as among co-investors and also may differ from the fees and/or allocations borne by the Funds. Co-investments may be offered by the General Partner on such terms and conditions (including with respect to Management Fees, Carried Interest and related arrangements) as the General Partner determines in its discretion on a case-by-case basis. Investing in the Funds does not entitle any investor to allocations of co-investment opportunities and such opportunities may, and typically will, be offered to some and not other investors or to third parties who are not investors in the Funds. It is expected that some investors who may have expressed an interest in co-investment

opportunities will not be allocated any co-investment opportunities or may receive a smaller amount of co-investment opportunities than the amount requested. Moreover, transaction-specific returns, and an investor's overall returns from its exposure to the Funds' portfolio companies, may be affected significantly by the extent to which investors are offered and choose to participate in co-investment opportunities.

In addition, certain co-investors may receive favorable terms and/or priority arrangements with respect to their participation in co-investment opportunities and the terms thereof (including, for greater certainty, potentially relating to reduced or waived Management Fees and/or Carried Interest arrangements) and fees attributable to any such co-investments received by Brightstar and/or its affiliates will generally not be shared with the Funds' investors except to the extent expressly specified. However, unless otherwise required by applicable law, co-investors (including Brightstar and its affiliates) often do not bear their share of Broken- Deal Expenses (such as reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses) or receive any benefit from break-up fees relating to unconsummated transactions. The Funds generally will bear these costs on behalf of any co-investors.

The Fund may sell down an interest in one of its portfolio companies to co-investors. The Fund may charge (or may decide not to charge) a co-investor (such as a Fund investor or a third party) interest costs for the time period between the closing of the Fund's investment in the portfolio company to the date of the transfer of interests in such Portfolio Company to the applicable co-investor.

*Allocation of Expenses.* Brightstar, the Funds, and/or any co-investment vehicles or portfolio companies may receive products or services from third parties, the costs and expenses of which are allocable (in whole or in part) between or among Brightstar and/or such Funds, vehicles and/or portfolio companies. Brightstar generally will seek to allocate such expenses among those parties in the manner prescribed by the applicable Governing Documents for the Fund and such Funds, vehicles and/or portfolio companies, and in cases where costs and expenses are properly allocable between or among multiple parties, the allocation is done in a manner that Brightstar considers to be fair and reasonable, taking into account factors such as the actual or estimated relative benefits to each applicable party of the expense-generating item (which may include consideration of the Funds' relative positions' size in an expense-generating investment). A conflict of interest could arise in Brightstar's determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, or whether such expenses should be borne by Brightstar. The Funds will be reliant on the determinations of Brightstar in this regard. It is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Brightstar to be the most appropriate corrective measure. Brightstar does not receive any favorable legal fee rates or discounts that are not also provided to the Funds.

*Fund and Portfolio Company Expenses.* Brightstar and its affiliates may perform related services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees are in addition to any Management Fees or Carried Interest paid by the Funds to Brightstar. Additionally, a portfolio company may reimburse Brightstar for expenses incurred by Brightstar in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the fee offset provision. Brightstar determines the amount of these fees 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 may not be disclosed to investors in the Funds. Brightstar may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such fees or expenses. Rather, when engaging a third party to provide such services, Brightstar will select the third party it believes is appropriate for the situation and such selection will not be based on cost alone.

*Transactions with Fund Investors.* Brightstar may enter into transactions with certain Fund investors such as, for example, investors who are also business partners, such as insurance agents, investment banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the Firm, its Funds and the portfolio companies. The terms of these transactions are negotiated on an arm's-length basis; however, Brightstar is subject to a conflict of interest when determining such terms because Brightstar may benefit from retaining such investors' investment in the Funds.

*Transactions with Related Parties.* Brightstar may engage service providers who are related to or affiliated with the Firm. These engagements will be negotiated at arm's length and after considering and performing proper diligence on other similar service providers and performed at market rates. All such services performed by related parties will be paid for exclusively by the management company (Brightstar itself) and not by any Funds or portfolio companies.

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

During a period when one Fund is reaching the end of its investment period and Brightstar is in the process of forming a new Fund, considerations of fairness to existing Fund investors dictate that Brightstar consider allocating a specific investment to the prior Fund or between Funds. These considerations include such factors as the overall mix of Fund investments and the ability of the existing Fund to draw additional capital. These circumstances could present a conflict of interest because Brightstar may have an incentive to favor allocating the investment to the newer Fund.

*Limited Partner Advisory Committee (LPAC).* Some of Brightstar's Funds have limited partner advisory committees ("LPACs"), which are established under the applicable Funds' offering and Governing Documents. The LPAC is comprised of select limited partners of such Funds and select limited partners of the applicable parallel funds. A conflict of interest may exist when some, but not all, investors are permitted to designate a member to the LPAC. Except where the Fund partnership agreement specifically requires that a matter be brought to the LPAC, the relevant General Partner will have sole discretion to decide whether to present any potential conflict to the LPAC. The LPAC may form one or more subcommittees, any of which may be delegated the authority to approve any matter otherwise allocated to the full LPAC (including, but not limited to, a conflicts committee) as a majority of its members (excluding observers) consider appropriate. The LPAC will not represent the interests of all the limited partners. Each member of the LPAC may act in the interests of the limited partner with which it is associated, and the members of the LPAC may themselves be subject to various conflicts of interest. In general, the limited partners will not be entitled to control the selection of members of the LPAC or to review the actions or deliberations of the LPAC. Such LPAC members will not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve actual or potential conflict of interests.

*Tax Considerations.* Each Fund's investors include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by each Fund, the structuring of the acquisition of portfolio companies and the timing of the disposition of investments. Such structuring of portfolio companies may result in different after-tax returns being realized by different investors. Consequently, conflicts of interest may arise in connection with decisions made by Brightstar that may be more beneficial for one investor than another investor, especially with respect to investors' individual tax situations. Brightstar considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular investor.

*Impaired Value Investments.* The Governing Documents provide Brightstar with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect Brightstar's compensation. In making such determinations, Brightstar is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for Brightstar or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. Brightstar expects to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the Management Fee is calculated taking into account the valuation of an investment, Brightstar will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary



dividends or similar transactions, Brightstar is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the relevant General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the relevant General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

Brightstar's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an investment is an Impaired Value Investment, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of Brightstar's compensation is dependent in part on an investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although Brightstar intends to operate in accordance with the Governing Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determination.

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

Pursuant to Rule 204A-1 of the Advisers Act, Brightstar has adopted a written code of ethics ("Code of Ethics" or the "Code") that sets forth standards of conduct expected of supervised persons and addresses conflicts that can arise from personal trading. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws.

Employees are required to certify to their compliance with the Code on an annual basis. Employees of Brightstar who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the Code of which they become aware.

Brightstar will provide a copy of its Code to any existing investor upon request to Brightstar's Chief Compliance Officer, Christy Lukach, (314) 403-1030 or [clukach@brightstarcp.com](mailto:clukach@brightstarcp.com).

### **Interest in Client Transactions**

Brightstar will not affect any principal or agency cross securities transactions for Funds without the proper consent of the relevant General Partner or the limited partner advisory committee, as applicable, as further described in the Governing Documents of the applicable Fund. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. In the context of Brightstar's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future Fund or selling a portfolio company from one Fund to another. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. This situation does not apply to Brightstar. Notwithstanding the foregoing, the Fund may sell down an interest in one of its portfolio companies to co-investors. The Fund may charge (or may decide not to charge) a co-investor (such as a Fund investor or a third party) interest costs for the time period between the closing of the Fund's investment in the portfolio company to the date of the transfer of interests in such Portfolio Company to the applicable co-investor.

### **Personal Trading**

The personal trading policy for all Brightstar personnel is set forth in Brightstar's Code of Ethics and is acknowledged as received and understood by each supervised person. Brightstar's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by any supervised person and that supervised persons in no respect misappropriate any benefit properly belonging to a Fund.

The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. Under the Code of Ethics, Brightstar employees are required to file certain periodic reports with the Chief Compliance Officer, as required by Rule 204A-1 under Advisers Act. Brightstar's employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Firm maintains a restricted list regarding issuers about whom it has material nonpublic information. Pre-clearance is required for certain personal securities transactions, including restricted list securities, initial public offerings and certain limited offerings. In addition, supervised persons are required to submit their brokerage account statements for review. Subject to compliance with the Code of Ethics and applicable law, the principals

and employees of Brightstar may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. In addition, principals, employees and affiliates may buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds.

## **Item 12 – Brokerage Practices**

Generally, Brightstar focuses on securities transactions of private companies and purchases and sells such companies through privately negotiated transactions. In privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the client. Whether for private or public securities transactions, Brightstar selects a broker-dealer or investment banker with the overall aim of maximizing returns for the client. Selection of a broker-dealer or investment banker will be based on Brightstar's best judgment of who can provide best execution and will consider a variety of factors, as specified in its compliance manual, including: Brightstar's prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's reputation within the industry; the broker-dealer or investment banker's expertise in dealing with investments that may be restrictive or illiquid in nature; and the cost, among other factors.

Although Brightstar generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve specialized such services on the part of the broker-dealer or investment banker may thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Brightstar does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds, does not engage in directed brokerage and does not aggregate the purchase or sale of securities for client accounts.

## **Item 13 – Review of Accounts**

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly Brightstar's review of them is not directed toward a short-term decision to dispose of securities. Brightstar closely monitors the portfolio companies of its Funds and maintains an ongoing oversight position in such portfolio companies. A team of investment professionals reviews each Fund's portfolios on an on-going basis. These reviews include, without limitation, sales trends, margins, profitability, debt to equity ratios, material business developments, competitive landscape and management. The team generally includes principals and other investment professionals of Brightstar.

Annually, Brightstar provides investors on behalf of each of its Funds: (i) audited financial statements prepared in accordance with generally accepted accounting principles (“GAAP”), accompanied by the report of its independent certified public accountants within 120 days of fiscal year end; (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) tax information (K-1s) necessary for the completion of tax returns; and (iv) a statement of the determination of the value of each investment as of the end of the preceding calendar year. All reports are sent to investors in writing and are delivered electronically through the Firm’s investor portal. The Firm also has contact with investors (personal visits, telephone, email) throughout the year as conditions warrant.

In the course of conducting due diligence or otherwise, Fund investors periodically request information pertaining to their investments. Brightstar responds to these requests, and in answering these requests provides information that is not generally made available to other Fund investors who have not requested such information. Upon request, certain investors may receive additional information and reporting that other investors may not receive. While Brightstar does not have an obligation to update any such information provided, the Firm endeavors to provide the information requested in the most current form available. Certain investors may have the right to obtain information relating to a Fund. Accordingly, such investors may possess information regarding the business and affairs of Fund that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

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

As described in Item 5 above, Brightstar may receive monitoring fees and reimbursements 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 Brightstar believes will ultimately enhance the value of the companies and benefit the Funds and their investors.

These types of arrangements present potential conflicts of interest and provide Brightstar with an incentive to recommend investments based on compensation received rather than the best interests of the Fund. To help mitigate this potential conflict, such benefits received by Brightstar, its affiliates or its employees in connection with services rendered to portfolio companies or transactions of the Funds are offset against (and therefore reduce) Management Fees payable by the Funds, to the extent described above and detailed in each Fund’s Governing Documents.

Brightstar may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an investor in a Brightstar Fund. In connection with fundraising for Fund I, the Strategic Fund, QualTek, Fund II, Fund II-A, Fund III and Fund III-A, Brightstar has entered into a placement agreement with Eaton Partners, LLC (“Eaton”), a registered broker-dealer. Any fees payable to Eaton will be predominantly borne by Brightstar indirectly through an offset against the Management Fee.

## **Item 15 – Custody**

The Investment Advisers Act of 1940 Rule 206(4) (the “Custody Rule”) requires that pooled investment vehicles which Brightstar advises either undergo an annual audit pursuant to GAAP or be subject to a surprise custody examination by examination by a Public Company Accounting Oversight Board (“PCAOB”) registered auditing firm. Brightstar is deemed to have custody of the Funds’ assets because of its affiliation with each Fund’s General Partner and the General Partner (or an affiliate’s) ability to deduct fees from investor accounts. In order to comply with the Custody Rules, Brightstar has elected to undergo an annual GAAP financial statement audit by a PCAOB registered audit firm for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective investors within 120 days of fiscal year end.

Brightstar does not, however, have physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent or wired into the relevant Fund’s qualified custodial account. Brightstar receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about Brightstar’s qualified custodians, please see Form ADV Part 1, Schedule D, 7.B.(1).

## **Item 16 – Investment Discretion**

Brightstar generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to investors in the Funds individually. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement and a Fund limited partnership agreement with such Fund. Such governing documents generally contain a power of attorney that grants Brightstar or its General Partners certain powers related to the orderly administration of the affairs of the Funds. Once an investor executes these documents, Brightstar is not required to contact an investor prior to transacting any business. An investor may impose limitations on Brightstar’s authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed by an investor must be presented to Brightstar in writing and agreed to by Brightstar and such investor. Other investors are not provided with consent rights regarding such side letter agreements. No investors to date have limited the Firm’s discretion to provide investment advice.

## **Item 17 – Voting Client Securities**

By virtue of the applicable Governing Documents, Brightstar has the authority to vote client proxy statements on behalf of the Funds. The majority of “proxies” received by Brightstar, however, will be written shareholder consents or similar instruments for private companies owned by the Funds. As such, Brightstar has adopted proxy voting policies and procedures pursuant to SEC Rule 206(4)-6. Brightstar’s proxy policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Brightstar generally believes its interests are aligned with those of the Funds’ investors through the principals’ beneficial ownership

interests in the Funds. In the event that there is or may be a conflict of interest in voting proxies, Brightstar's proxy policy provides that the Firm may address the conflict using several alternatives, including by seeking the approval or concurrence of the limited partner advisory committee on the proposed proxy vote, or through other alternatives as set forth in Brightstar's proxy policy. Investors in the Funds cannot direct how Brightstar votes proxies nor is Brightstar required to seek investor approval or direction when voting proxies.

Firm principals and affiliated or unaffiliated third parties appointed by Brightstar may sit on the boards of portfolio companies to which Brightstar provides operational, management and consulting services and, as such, exercise authority with respect to various issues faced by the portfolio companies. Brightstar does not consider service on portfolio company boards by Brightstar personnel, and affiliated and unaffiliated third parties appointed by Brightstar or their receipt of nominal board fees, if any, to create a material conflict of interest in voting proxies with respect to such companies.

Brightstar will provide a copy of its proxy voting policy to any existing or prospective investor upon request to Christy Lukach, Chief Compliance Officer, at (314) 403-1030 or [clukach@brightstarcp.com](mailto:clukach@brightstarcp.com). Investors can also obtain information from the Firm, free of charge, about how Brightstar voted any previous proxies, if any.

#### **Item 18 – Financial Information**

Brightstar does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.