

## Item 1: Cover Page

### **GEMSPRING CAPITAL MANAGEMENT, LLC PART 2A OF FORM ADV: FIRM BROCHURE**

**Gemspring Capital Management, LLC**

**54 Wilton Road  
Westport, CT 06880  
March 29, 2024**

This Investment Adviser Brochure (“**Brochure**”) provides information about the qualifications and business practices of Gemspring Capital Management, LLC (“**Gemspring**”). If you have any questions about the contents of this Brochure, please contact Andrew Lerner, Gemspring’s Chief Compliance Officer at (203) 408-2851 or [andrew@gemspring.com](mailto:andrew@gemspring.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

**Gemspring is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. However, references to Gemspring as a registered investment adviser does not imply a certain level of skill or training.**

Additional information about Gemspring is also available on its website at <http://www.gemspring.com> or on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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***Item 2: Material Changes***

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Gemspring filed its most recent Form ADV Part 2A on February 2, 2024. This annual amendment updates the description of the business practices of Gemspring and its affiliates. Gemspring also recently updated the contact information for our Chief Compliance Officer in its other-than-annual amendment filed on February 2, 2024.

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**Item 4: Advisory Business**

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**Item 4.A.**

Gemspring Capital Management, LLC (“**Gemspring**”), a Delaware limited liability company, was formed in October 2015. Realspring Capital Management, LP (“**Realspring**”), a Delaware limited partnership, was formed in April 2021, and is a relying adviser of Gemspring. The principal place of business of Gemspring and Realspring is in Westport, Connecticut. As indicated on the Firm’s Form ADV Part 1A, Bret Wiener, Gemspring’s Founder and Chief Executive Officer, is Gemspring’s principal owner. Realspring is principally owned by Bret Wiener and Bradley Coleman. Bradley Coleman is the Managing Partner of Realspring.

**Item 4.B.**

Gemspring is an investment management firm that provides discretionary advisory services to the following private funds (each, a “**Gemspring Fund**,” and, together with any future private investment fund to which Gemspring or its affiliates provide investment advisory services, the “**Gemspring Funds**”): Gemspring Capital Fund I, LP, a Delaware limited partnership (“**Fund I**”), Gemspring Capital Fund I-A, LP, a Delaware limited partnership (“**Blocker Fund I**”), Gemspring Capital Fund II, LP, a Delaware limited partnership (“**Fund II**”), Gemspring Capital Fund II-A, LP, a Delaware limited partnership (“**Blocker Fund II**”), Gemspring Capital Fund III, LP, a Delaware limited partnership (“**Fund III**”), Gemspring Capital Fund III-A, LP, a Delaware limited partnership (“**Blocker Fund III**”), Gemspring Growth Solutions I, LP, a Delaware limited partnership (“**Growth Solutions I**”), Gemspring Growth Solutions I-A, LP, a Delaware limited partnership (“**Growth Solutions Blocker I**”), and co-investment funds for certain Gemspring personnel, Executive Advisors (as defined below), certain investors and other persons, including market participants, finders, consultants, other service providers and certain other persons associated with the Firm (together, the “**Executive Funds**”). Fund I, Blocker Fund I, Fund II, Blocker Fund II, Fund III, Blocker Fund III and the Executive Funds are together, the “**Buyout Funds**.” Growth Solutions I and Growth Solutions Blocker I are together, the “**Growth Solutions Funds**.” Gemspring Capital GP I, LP is the general partner of Fund I and Blocker Fund I; Gemspring Capital Executive GP I, LLC is the general partner of Gemspring Capital Executive Fund I, LP; Gemspring Capital GP II, LP is the general partner of Fund II and Blocker Fund II; Gemspring Capital Executive GP II, LLC is the general partner of Gemspring Capital Executive Fund II, LP; Gemspring Capital GP III, LP is the general partner of Fund III and Blocker Fund III; Gemspring Capital Executive GP III, LLC is the general partner of Gemspring Capital Executive Fund III, LP; and Gemspring Growth Solutions GP I, LP is the general partner of Growth Solutions I and Growth Solutions Blocker I (each, a “**Gemspring General Partner**,” and together, the “**Gemspring General Partners**”).

Realspring is an investment management firm that provides discretionary advisory services to the following private funds (each, a “**Realspring Fund**,” and together with any future private investment fund to which Realspring or its affiliates provide investment advisory services, the “**Realspring Funds**”): Realspring Capital Fund I, LP, a Delaware limited partnership (“**Realspring Fund I**”). As used herein, “**Fund**” shall refer to a Gemspring Fund and/or Realspring Fund I unless the context otherwise requires, and “**Funds**” shall refer to the Gemspring Funds and/or Realspring Fund I unless the context otherwise requires. Realspring Capital, LLC is the general partner of Realspring Fund I (the “**Realspring General Partner**”). As used herein, “**General Partner**” shall refer to a Gemspring General Partner and/or the Realspring General Partner unless the context otherwise requires, and “**General Partners**” shall refer to the Gemspring General Partners and/or the Realspring General Partner, as well as any other affiliated general partner entities, unless the context otherwise requires.

Gemspring, Realspring, the General Partners and their current and future affiliated entities shall be referred to herein as the “**Firm**.” The General Partners control the business and affairs of their respective Funds. The General Partners and Realspring are subject to the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “**Advisers Act**”), pursuant to Gemspring’s SEC

investment adviser registration in accordance with Securities and Exchange Commission (“SEC”) guidance. See Item 10. This Brochure also describes the business practices of the General Partners and Realspring, which operate as a single advisory business together with Gemspring.

The Buyout Funds are private equity funds and generally invest through negotiated transactions in common stock, limited liability company interests or partnership interests or in securities convertible into common stock, limited liability company interests or partnership interests, including preferred stock debentures of middle market companies and lower-middle-market companies (each, a “**Gemspring Buyout Portfolio Investment**” and collectively, the “**Gemspring Buyout Portfolio Investments**”) through buyouts and significant minority transactions in each company (each, a “**Buyout Portfolio Company**”, and collectively, the “**Buyout Portfolio Companies**”). Although investments are made predominantly in non-public companies, investments in public companies are permitted under certain circumstances.

The Buyout Funds will occasionally buy debt, make loans or extend credit but anticipate doing so primarily in connection with acquiring control of the target company. The Buyout Funds reserve the right to extend secured bridge financings to Buyout Portfolio Companies, including before a permanent capital structure is in place. Gemspring intends to use structures opportunistically to take advantage of collateral protection and mitigate downside risk. The Buyout Funds will seek to primarily invest approximately \$30 million to \$120 million of equity per transaction to acquire control positions in North American headquartered companies, although investments may also be made outside of this range, and may be made in debt securities, preferred securities and in non-control positions.

The Growth Solutions Funds are private equity funds and generally invest through negotiated transactions in common stock, preferred stock, subordinated debt, loans, limited liability company interests or partnership interests or in securities convertible into common stock, limited liability company interests or partnership interests, including preferred stock of middle market companies and lower- middle-market companies (each, a “**Gemspring Growth Solutions Portfolio Investment**” and collectively, the “**Gemspring Growth Solutions Portfolio Investments**”) through minority transactions in each company (each, a “**Growth Solutions Portfolio Company**”, and collectively, the “**Growth Solutions Portfolio Companies**”). Although investments are made predominantly in non- public companies, investments in public companies are permitted under certain circumstances.

The Growth Solutions Funds reserve the right to extend bridge financings to Growth Solutions Portfolio Companies, including before a permanent capital structure is in place. Gemspring intends to use structures opportunistically to take advantage of collateral protection and mitigate downside risk. The Growth Solutions Funds will seek to primarily invest approximately \$10 million to \$50 million of capital per transaction to acquire minority positions in North American headquartered companies, although investments may also be made outside of this range.

From time to time, where such investments consist of Buyout Portfolio Companies or Growth Solutions Portfolio Companies (each, a “**Portfolio Company**” and collectively, the “**Portfolio Companies**”), the senior principals or other personnel of Gemspring or its affiliates generally serve on such Portfolio Companies’ respective boards of directors or otherwise act to influence control over management of Portfolio Companies in which the Funds have invested.

Realspring Fund I is a real estate fund that generally invests through negotiated transactions in opportunistic commercial real estate equity and debt investment opportunities (each, a “**Realspring Portfolio Investment**” and collectively, the “**Realspring Portfolio Investments**”). As used herein, “**Portfolio Investment**” or “**portfolio investment**” shall refer to a Gemspring Buyout Portfolio Investment, a Gemspring Growth Solutions Portfolio Investment and/or a Realspring Portfolio Investment, unless the context otherwise requires, and “**Portfolio Investments**” or “**portfolio investments**” shall refer to the Gemspring Buyout Portfolio Investments, Gemspring Growth Solutions Portfolio Investments and/or the Realspring Portfolio Investments, unless the context otherwise requires. The Realspring Fund seeks to primarily invest approximately \$5 million to \$50 million of equity per transaction or \$1 million to \$15

million of debt per transaction, although investments may also be made outside of this range, in value-add and core-plus real estate opportunities where assets have been undermanaged or undervalued and the team believes it can add value through repositioning or redevelopment.

#### Item 4.C.

Gemspring and Realspring provide discretionary investment management and advisory services to the applicable Funds pursuant to the terms of the private placement memorandums or other offering documents (each, a “**Memorandum**”), limited partnership agreements or other operating agreements or governing documents (each, a “**Partnership Agreement**” and together with any relevant Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss”. Gemspring’s and Realspring’s services consist of managing each of the Funds’ portfolios, as applicable, including sourcing, selecting, determining investments in, and monitoring investments of the Funds and the execution of transactions on behalf of the Funds.

Additionally, as further described below and in the Governing Documents, it is Gemspring’s practice to use or retain certain operating professionals to provide services to (or with respect to) one or more Gemspring Funds or certain current or prospective Portfolio Companies in which one or more Gemspring Funds invest (each an “**Executive Advisor**,” and collectively, the “**Executive Advisors Group**” or “**Executive Advisors**”). Such Executive Advisors Group members generally will not be employees of Gemspring (or Realspring) (but may include affiliates of Gemspring, employees of such affiliates, third party consultants, “operating partners,” “strategic partners,” “executive partners” or “senior advisors”), and will provide services in relation to the identification, acquisition, holding, improvement and disposition of Portfolio Companies, including operational aspects of such companies. These services will also include serving in management or policy-making positions for Portfolio Companies. Such Executive Advisors Group members generally receive compensation and other amounts described herein from the relevant Portfolio Companies or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee. The foregoing is expected to reduce the amount of Gemspring Transaction Fees (defined below) otherwise available to be offset against Management Fees, resulting in a potential material benefit to the Firm over the life of the relevant Fund. The existence of such potential benefit creates an incentive for the Firm to seek to increase such amounts.

Each of Gemspring and Realspring is responsible for investing the assets of their respective Funds in accordance with the investment objectives, policies, and guidelines set forth in the Governing Documents. Investors in the Funds (generally referred to herein as “**investors**”, “**limited partners**” or “**Limited Partners**”) participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; such arrangements generally do not and will not create an adviser-client relationship between Gemspring or Realspring, on the one hand, and any investor, on the other hand. The Funds or the General Partners have in the past, and expect to in the future, enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, as permitted by the relevant Governing Documents, the Firm expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles such as the Executive Funds) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, portfolio company management or personnel, Firm personnel and/or certain other persons associated with the Firm and/or its affiliates (e.g., a vehicle formed by the Firm’s principals to co- invest alongside any Funds’ transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as the Fund making the investment. However, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing fund) may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment

in the portfolio investment (also known as a post-closing sell- down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the transaction to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in the Firm's sole discretion, the Firm reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs. However, to the extent any such amounts are not so charged or reimbursed (including charges or reimbursements required pursuant to applicable law), they generally will be borne by the relevant Fund.

#### **Item 4.D.**

Neither Gemspring nor Realspring participate in a wrap fee program.

#### **Item 4.E.**

As of December 31, 2023, Gemspring managed approximately \$4,053,787,867 in client assets on a discretionary basis. Neither Gemspring nor Realspring intends to manage any of its clients' assets on a non-discretionary basis.

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### ***Item 5: Fees and Compensation***

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In general, Gemspring and Realspring receive a management fee and each General Partner is entitled to carried interest in connection with the provision of advisory services to its clients. Gemspring or other Firm entities or affiliates receive additional compensation in connection with management and other services performed for Portfolio Companies of the Funds and such additional compensation will offset in whole or in part the Management Fees (as defined below) otherwise payable to Gemspring to the extent provided by the Governing Documents. In addition, in certain circumstances the Firm receives compensation for management and other services performed in connection with co-investments made in portfolio investments of the Funds. Investors in a Fund also bear certain expenses.

#### **Item 5.A.**

During the investment period, each of the Gemspring Funds pays its General Partner, quarterly in advance, an annual management fee (the “**Gemspring Management Fee**”) equal to 2% on an annual basis of aggregate non-affiliated investor capital commitments (as it pertains to each Fund, “**Commitments**”). An investor participating in a Gemspring Fund's closing after such Fund's effective date (as further described in such Fund's Partnership Agreement, the “**Effective Date**”) bears the Gemspring Management Fee from such Fund's effective date and, in addition, is charged an amount equal to the product of (i) the prime rate plus 2% per annum multiplied by (ii) the amount of such assessed Gemspring Management Fee, calculated from the date such Gemspring Management Fee payments would have been due if such investor was admitted for its full Commitment on or prior to such Fund's effective date. Upon a date specified in the Governing Documents (the “**Stepdown Date**”), the Gemspring Management Fee will be reduced and will equal 2% of the non-affiliated investor aggregate investment contributions, less certain amounts, and subject to the calculation specified in that Fund's Partnership Agreement. The Gemspring General Partners have elected to waive a portion of the Gemspring Management Fee in each Gemspring Fund in exchange for a reduction in the General Partner's cash capital contribution obligation and / or an increase in the General Partner's interest in the relevant Gemspring Fund's profits.

The Gemspring Management Fee commences as of the Effective Date based on aggregate Commitments, regardless of when an investor is actually admitted. Where the Governing Documents calculate Gemspring Management Fees based on the amount of Commitments or the amount of investment contributions, the amount of Gemspring Management Fees generally will not be reduced based on reductions in investment

value, except where specified by the relevant Governing Documents. As a general matter, Gemspring Management Fees will be payable during term extensions unless otherwise agreed with investors. Except as otherwise agreed, each General Partner and investors who are affiliates, employees or other designees of such General Partner are not subject to carried interest or the Gemspring Management Fee.

The Realspring Fund pays Realspring, quarterly in advance, an annual management fee (the “**Realspring Management Fee**,” and together with the Gemspring Management Fee, the “**Management Fees**”) equal to 1.5% of an amount equal to (x) an investor’s aggregate amount of investment contributions made (or payable to the Realspring Fund) with respect to investments that have not been disposed of minus (y) the aggregate amount of any required permanent write-downs of investments that have not been disposed of, in each case as determined on the first day of the period with respect to which a determination is being made; provided that investments (other than bridge financings) in an investment shall be treated for this purpose as having been disposed of or permanently written-down only to the extent that, as of the date of any such disposition or write-down, the aggregate value of all remaining investments (other than bridge financings) in such investment is less than the aggregate investment contributions with respect to all existing and former investments in such investment.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fee will be calculated and charged on a basis that is not tied to the Fund’s then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the Fund relating to the Fund’s aggregate investment(s) in its portfolio companies, excluding those that have been written down in the manner described in the Governing Documents (such investments, “**Impaired Value Investments**”) or realized.

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. Conversely, the Governing Documents do not require Management Fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair market value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents. For the avoidance of doubt, following the Stepdown Date, if the fair market value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of Management Fees otherwise payable relating to such investment will be reduced only by the ratio of the fair market value of the relevant investment(s) as measured against the amount of total investment contributions relating to such investment(s), in each case, as of the first day of the period with respect to which such determination is being made.

As a result, and as is generally the case for private equity funds, Management Fees generally will not fluctuate with changes in the net asset value of individual investments or of a Fund, including following the relevant investment period, and will not be reduced in connection with any writedowns (whether temporary or permanent), except in the case of Impaired Value Investments. 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 Fund(s) divests their respective investment(s) (including credit investments) 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 interest 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 post-Stepdown Date Management Fee base 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 or write-offs that occur partway through the relevant calculation period.

The Governing Documents generally contains a complete list of provisions by which Management Fees will be reduced, offset or otherwise limited, and consequently investors should expect to bear the full amount of Management Fees specified in the relevant Partnership Agreement until they are reduced in the circumstances and on the date(s) specified therein.

Each General Partner is permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest is permitted to be made by a direct exemption, a rebate by the applicable General Partner and/or its affiliates, or through other Funds which co-invest with a Fund, such as the Executive Funds. For example, in instances where a Firm professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the Governing Documents, certain General Partners have the right to permit investors, affiliated with the General Partner or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest. In general, the Management Fee offsets described below apply only with respect to the Commitments of fee-paying investors. Gemspring retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).

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

The precise amount of, and the manner and calculation of, the Management Fee for each Fund are established by the Firm, in negotiations with Fund's investors, and are set forth in such Fund's Partnership Agreement. The Management Fee, if any, for co-investments or co-investment vehicles, is negotiated by the Firm and the co-investors. Investors in the Executive Funds do not pay a Management Fee.

#### **Item 5.B.**

Fees are expected to be paid from current income and investment proceeds of the Funds and/or, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

#### **Item 5.C.**

The Gemspring Management Fee with respect to a Gemspring Fund is reduced by such Fund's allocable portion of Gemspring Transaction Fees (as defined below and in the Governing Documents) by an amount equal to a specific percentage (e.g., 80% to 100%) of such allocable portion of Gemspring Transaction Fees attributable to non-affiliated investors. For Fund II, Blocker Fund II, Growth Solutions I, Growth Solutions Blocker I, Fund III and Blocker Fund III only, any fees of the type described in the definition of Gemspring Transaction Fees with respect to a Portfolio Company or prospective Portfolio Company will be allocated to the Fund only to the extent of the Fund's relative ownership or anticipated ownership of such Portfolio Company or prospective Portfolio Company on a fully-diluted basis, or in such other manner as the General Partner and the governing bodies of other funds managed or advised by Gemspring and/or any of its affiliates that have co-invested (or committed to co-invest) in a Portfolio Company or potential Portfolio Company mutually agree, and only the Fund's allocable portion of such fees shall be included in calculating such Gemspring Transaction Fees.

**“Gemspring Transaction Fees”** include: (i) directors’ fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Gemspring Fund investment; (ii) transaction fees paid to the General Partner with respect to or in connection with any Gemspring Fund investment; and (iii) break-up fees with respect to Gemspring Fund transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth in the relevant Partnership Agreement; but not including, in any event, any amount received by the Gemspring General Partner, the Executive Advisors Group or other person from a Portfolio Company, (A) as reimbursement for expenses directly related to such Portfolio Company, (B) as payment for services provided to any Portfolio Company in the ordinary course of such Portfolio Company’s business, (C) as compensation for services provided by the Gemspring General Partner or other person as an employee of or in a similar capacity for such Portfolio Company or (D) as compensation, including fees, incentive equity or other stock awards, for services rendered by the Executive Advisors Group (or a member thereof) to a Portfolio Company or prospective portfolio company. Various costs and expenses reduce Gemspring Transaction Fees (and therefore such amounts do not reduce the Gemspring Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the Gemspring General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Gemspring Transaction Fees.

Realspring Transaction Fees (as defined below) received by the Realspring General Partner and certain affiliates in connection with the Realspring Fund’s potential and actual portfolio investments are retained by the Realspring General Partner and/or the receiving affiliate(s).

**“Realspring Transaction Fees”** include: all closing fees, investment banking fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors’ fees, acquisition and disposition fees, construction management, leasing and brokerage fees and other similar fees (whether in the form of cash, securities or otherwise) received by the Realspring General Partner and certain affiliates from any portfolio investment or prospective portfolio investment in respect of the Realspring Fund’s investment or prospective investment therein (but with respect to non-cash consideration, only to the extent of the net cash proceeds thereof as and when received by the Realspring General Partner and certain affiliates).

As a matter of practice, the Firm receives fees of the type referred to in the preceding paragraphs from, on behalf of or with respect to co-investors in an investment, as well as other fees relating to the structuring and administration of co-investment arrangements. The receipt of such fees related to the co-investors investment does not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion on a fully diluted basis of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments; (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by Gemspring or Realspring, as the case may be, service providers, third parties, current or former portfolio company management or employees, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or others); or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant. Unless otherwise agreed with investors, Gemspring Transaction Fees and Realspring Transaction Fees generally will be payable without further offset during term extensions (even if Management Fees are reduced or eliminated during the extended term) thus reducing the amounts of Management Fees actually offset. Similarly, to the extent a former the Firm employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the Management Fee, whether or not such former employee has a remaining interest in the relevant Fund’s General Partner or affiliated entity. Conversely, in the event that the Firm employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person’s employment with the Firm, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter.

In certain circumstances, Gemspring expects that co-investors, lenders, consultants or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. Additionally, as further described below and in the Governing Documents, it is Gemspring's practice to use or retain certain Executive Advisors to provide services to (or with respect to) certain portfolio companies in which one or more Gemspring Funds invest. Such Executive Advisors generally receive compensation and other amounts described herein from the relevant portfolio companies or Gemspring Funds to which they provide services, but no such amounts will offset or reduce the Gemspring Management Fee. The foregoing is expected to reduce the amount of Gemspring Transaction Fees or Realspring Transaction Fees otherwise available to be offset against Management Fees, resulting in a potential material benefit to the Firm over the life of the relevant Fund. The existence of such potential benefit creates an incentive for the Firm to seek to increase such amounts.

Certain Governing Documents permit the applicable General Partner to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf (and generally entitles the relevant General Partner to a corresponding right to a return of capital and profit distributions in respect of such deemed capital contribution), and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Fund. The limited partners of the Fund would, in such circumstances, be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver results in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed or not be fully realized by investors in the relevant Fund, resulting in a net additional benefit to the Firm.

#### *Other Fees*

Each Fund reimburses its General Partner for each Fund's and its affiliated entities' organizational and startup expenses (as further described in the Partnership Agreements), including travel, printing, legal, capital raising, accounting, regulatory compliance (including the initial compliance contemplated by the Alternative Investment Fund Managers Directive ("AIFMD") or any similar law, rule or regulation), any administrative or other filings and other organizational expenses. The General Partner bears the cost (through an offset against the Management Fee or otherwise) of all such organizational expenses of a Fund in excess of the amounts described in such Fund's Partnership Agreement, and of any placement fees payable to any placement agent in connection with the formation of the Funds.

In addition to the Management Fee and carried interest payable to the Firm, each Fund bears certain expenses. As set forth more fully in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, business, Portfolio Companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company to the extent not borne or reimbursed by a Portfolio Company, potential portfolio company, or applied to reduce transaction fees, including, but not limited to, all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to origination, identifying and sourcing of investment opportunities for the Funds, including attending and sponsoring industry conferences and events, hosting sporting and entertainment related activities, meals and entertainment and transportation, buy-side and sell-side finders' fees and similar deal sourcing payments, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline; (ii) activities with respect to the pursuing, structuring, organizing, negotiating, acquiring, consummating, financing, refinancing, evaluating, hedging, holding, diligence (including any trade association memberships, subscriptions to any periodicals,

databases and/or research services and customer relationship management applications) acquiring, bidding on, owning, managing, monitoring, operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, the Funds' Portfolio Companies and its actual and potential investments (including follow-on investments and other transactions involving the deployment of a Fund's capital) or seeking to do any of the foregoing (including any associated legal, financing, banking, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, financing sources, expert networks, third-party diligence and deal-sourcing software and service providers, advisors, consultants, data providers and similar professionals in connection therewith) and any fees and expenses associated with closing dinners, social and entertainment, or meals and transportation, and any fees and expenses related to transactions that may have been offered to co-investors, whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, the Funds, the Firm or any "affiliated partner" on behalf of the Funds and/or involving any Portfolio Company (including any margin loan, credit facility, letter of credit or similar credit support or any indebtedness entered into pending participation by a co-investor in an investment), including the repayment of principal and interest with respect thereto, or evaluating, negotiating or seeking to put in place or amend any such indebtedness or guarantee; (iv) broker, dealer, finder, underwriting (including, without limitation, both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, paying agent, trustee, record keeping, account, registered office and similar services (including any depository appointed pursuant to the AIFMD), Swiss representative and paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof; (vi) legal, accounting, research, auditing, technology, administration (including fees and expenses associated with compliance with any anti-money laundering or similar laws and regulations, any third-party administrator and administration, tracking or reporting software, including portfolio monitoring and partnership accounting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals, valuation information gathering software or other technology or pricing services as well as costs related to the establishment or maintenance of such other services), research, consulting (including consulting and retainer fees paid to certain persons or service providers selected by the General Partner, incentive equity, stock awards, expense reimbursement, salary and other compensation paid to, and benefits provided to or on behalf of the Executive Advisors Group or any of its members, consultants performing investment initiatives and other similar consultants, or services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs incurred in connection with the establishment or maintenance of any such activities or services and hiring (e.g., headhunter fees, background checks or relocation costs)); (vii) expenses associated with the reporting, filings or other ongoing compliance requirements contemplated by the AIFMD (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto related to the Fund), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (viii) reverse breakup, termination and other similar fees or arrangements, including a co-investor's or potential co-investor's share of such costs; (ix) financing, commitment, origination and similar fees and expenses; (x) insurance (including directors and officers liability, fidelity bond, portfolio company management liability, property and casualty, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions) and the costs of any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies; (xi) filing, title, transfer, survey, registration and other similar fees and expenses; (xii) printing, communications, mailing, courier, marketing and publicity; (xiii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or similar forms or other communications with Limited Partners, any other administrative, compliance or regulatory filings or reports (including Form PF and any Fund-related filings or Bureau of Economic Analysis Reports contemplated by the AIFMD or any similar law, rule or regulation), or other information (including an allocable portion of any licensing, maintenance, upgrade and / or implementation fees, expenses and costs of any investor administrative tools (including

software and extranet tools) related to the foregoing) fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) compliance with any tax or financial account reporting regime applicable to the Funds, any alternative investment vehicle and/or the General Partner, including any Code §§1471 - 1474, any successor legislation, any U.S. Department of Treasury Regulations, forms, instructions or other guidance issued pursuant thereto (i.e., FATCA), and any similar law, intergovernmental agreement or other legal or administrative requirement promulgated or agreed to by any jurisdiction, including the Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard) of the Organisation for Economic Co-operation and Development, and any similar laws, rules and regulations, and any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting and ledger systems, financial management and cybersecurity) or other administrative, valuation, information gathering or reporting tools (including subscription-based services and customer relationship management (a “CRM”)); (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs and expenses incurred in connection with any European Union data protection laws or any freedom of information laws or any other similar statutory or regulatory requirement that might result in the public disclosure of confidential information); (xvii) to the extent provided in the Partnership Agreements, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of any Limited Partner Advisory Board (each, an “**Advisory Board**” and, collectively, the “**Advisory Boards**”) (including any, costs and expenses incurred by representatives of the General Partner, the members of the Advisory Boards, permitted observers and other persons in attending or otherwise participating in meetings of the Advisory Boards); (xviii) indemnification obligations (including legal and any other fees, costs and expenses incurred in connection with indemnifying any Limited Partner or other person pursuant to the Partnership Agreements or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreements), except as otherwise set forth in the Partnership Agreement; (xix) actual, threatened or otherwise anticipated governmental inquiry, examination, investigation, proceeding, litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith, (xx) any annual, periodic or special Limited Partner meeting or other periodic or special, if any, meetings of the Limited Partners and any other conference, meeting or webcast or other video conference with any Limited Partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, reasonable gifts and mementos, honorarium, events, non-Limited Partner attendees or speakers and other meeting or conference-related costs), including attendees at such meetings that are not Limited Partners (including the General Partner, the Fund and their respective partners, members, officers, employees, affiliates, lenders, accountants, attorneys and other professionals and service providers), and any periodic executive forum of portfolio company management and other persons, in each case to the extent incurred by the Funds the General Partner or any other affiliate of the General Partner; (xxi) except as otherwise determined by the General Partner in its reasonable discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle (including its formation, management, operation, termination, dissolution, winding up, liquidation, structuring and restructuring) or its activities, business, Portfolio Companies or actual or potential investments (to the extent not borne or reimbursed by a Portfolio Company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding-up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any structuring or restructuring of the Fund and/or subsidiaries or its affiliated entities; (xxii) the termination, liquidation, winding-up, structuring, restructuring or dissolution of the Funds, the general partner entities and any legal entities owned directly or indirectly by the Funds, including portfolio companies and related entities; (xxiii) defaults by Limited Partners in the payment of any capital contributions (and related collection actions); (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Funds, any parallel fund, the General Partner, any parallel fund general partner, any ultimate general partner, the Firm, any entities owned directly or indirectly by the Funds (including portfolio

companies) and any alternative investment vehicle of the Funds or the parallel fund, including the preparation, distribution and implementation thereof (other than any amendments that constitute ordinary overhead and administrative expenses as described in the Partnership Agreements); provided that, with respect to amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the General Partner, the parallel fund general partner, the ultimate general partner and the Firm, such amendments, waivers, consents or approvals relate to the affairs of the Fund, the parallel fund or any alternative investment vehicle thereof; (xxv) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering (including any validation of any payments made in connection with any voluntary or compulsory review), sanctions or anti-terrorism, anti-corruption, environmental, social or governance or other considerations), including any legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto, any regulatory expenses of the General Partner or any of its affiliates specifically incurred in connection with the operation of the Funds and any costs and expenses related to compliance with any environmental, social or governance investment considerations and policies of the General Partner and/or the Fund and/or (B) any costs and expenses related to the validation or other confirmation of any payments made to the (or other payment-related instructions received by) Fund or the General Partner in connection with any voluntary or compulsory review (including any anti-money laundering laws, rules or regulations); (xxvi) any litigation or governmental inquiry, investigation or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreements; (xxvii) any third-party consultants, experts or advisors, including independent appraisers, engaged by the General Partner in connection with the Funds considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more investment vehicles (other than the Funds) managed or controlled by the General Partner or any of its affiliates; (xxviii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Partnership Agreement or any Limited Partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxix) any taxes, fees and other governmental charges levied against the Funds and/or any alternative investment vehicle and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Funds and/or any alternative investment vehicle (except to the extent that the Funds is reimbursed therefor by a reimbursing partner) and any costs and expenses of or related to the partnership representative; (xxx) distributions to the Limited Partners and other expenses associated with the acquisition, holding and disposition of investments, including extraordinary expenses (including breakup or topping fees or other liabilities or obligations incurred for transactions not consummated); (xxxi) unreimbursed expenses and unpaid fees of the Executive Advisors Group or its members, employees or other persons engaged by the Executive Advisors Group; (xxxii) compliance or regulatory matters (including any legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto), except as otherwise set forth in the Partnership Agreements, including compliance with the Partnership Agreements and/or any letter agreement; (xxxiii) amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with Limited Partners and "most-favored-nations" election processes in connection therewith; (xxxiv) any travel, (including, where appropriate as determined by the General Partner, reasonable air travel, car or ride sharing services or other modes of transportation), lodging, meals or reasonable business-related entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the Firm at any trade conference, including any applicable registration fees and exhibition, sponsorship or other presentation fees, costs and expenses; (xxxvi) any of the items listed in clause (i) to (xxxv) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including co-investors' proportionate share of any expenses related to an investment or other opportunity not consummated); (xxxvii) any Fund organizational expenses; (xxxviii) any placement fees; (xxxix) legal counsel, consultants and/or other service providers engaged to procure, develop, establish, review, revise, customize and/or negotiate relationships relating to the foregoing items; and (xl) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

Except where the relevant Governing Documents or Side Letter(s) expressly provide to the contrary, broken deal expenses and other expenses relating to the diligence or evaluation of a prospective investment generally are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also bear expenses indirectly to the extent a portfolio company or investment (or intermediate entity) pays expenses, including expenses of the Firm; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Gemspring Transaction Fees and/or Realspring Transaction Fees) are expected to be charged to portfolio companies or investments, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company or investment.

To the extent holding or intermediate entities include one or more special purpose acquisition companies (“SPACs”), the relevant Gemspring Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders’ equity or similar interests issued thereby that are not held directly or indirectly by the Gemspring Fund, and except where prohibited by the Governing Documents, such interests are permitted to be issued to Gemspring and its personnel.

The General Partner reserves the right to agree with operating partners (including the Executive Advisors Group), joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits, participation or equity interest granted in the relevant investments or related intermediate entities. While such an arrangement is more favorable to the relevant Fund in that it does not involve an initial cash outlay for the payment of expenses, and could be further favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits, participation or equity interest generally would have a dilutive impact on the Fund’s investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation, which in either case could be substantial.

Excluded from Fund expenses are ordinary administrative and overhead expenses of the General Partner incurred in connection with managing, originating and monitoring investments, including employees’ salaries, rent, utilities and other similar expenses specified in the Governing Documents. Each Fund also generally will bear the costs of implementing, reporting (as applicable) monitoring and complying with investment guidelines and directives relating to the Fund’s strategy, including in Side Letters relating thereto. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for the costs of

establishing, negotiating or maintaining the facility as a whole. While the Firm believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Firm's related policies and practices and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction are generally expected to be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already executed definitive documentation to invest in such transaction, such co-investor is expected to bear its *pro rata* share of such broken deal expenses. The Firm's practice of allocating broken deal expenses among investing Funds is discussed under "Conflicts of Interest," below. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for the costs of establishing, negotiating or maintaining the facility as a whole.

In the event that a blocker fund proposes to structure an investment using a blocker corporation or other intermediate entity to avoid causing investors of that blocker fund to incur unrelated business taxable income or income "effectively connected with the conduct of a trade or business within the United States," all costs, expenses and reduction in proceeds attributable to such blocker corporation or other intermediate entity, including those related to the structuring, formation, operation and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other intermediate entity will be borne solely by the investors investing through such intermediate entity.

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

Additionally, as further described herein and in the Governing Documents, it is Gemspring's practice to employ, use or retain certain Executive Advisors (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) the Gemspring Funds or certain current or prospective Portfolio Companies in which the Gemspring Funds invest. Such Executive Advisors 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. Executive Advisors generally receive compensation, including, but not limited to consulting fees, transaction fees, a profits participation or equity interest in a Portfolio Company or holding company, profits or equity interests in one or more Gemspring Funds or the Gemspring General Partners, remuneration from Gemspring and/or the Gemspring Funds or affiliates, guaranteed minimums, stock awards, incentive-based compensation, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones) or other compensation, the amount of which typically is determined by the Gemspring General Partners. Such compensation is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the Portfolio Company, the invested capital exposed to such Portfolio Company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such Portfolio Company. Compensation in the form of profits,



participation or equity interests in a Portfolio Company or intermediate holding company generally has a dilutive impact on the relevant Gemspring Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Executive Advisors Group members' compensation as well as fees, costs and expenses of structuring Executive Advisors Group member arrangements. Executive Advisors Group members who hold a board seat at a Portfolio Company also receive compensation for their board service. Pursuant to the Partnership Agreements of the Gemspring Funds, Executive Advisors Group members also generally are reimbursed for certain travel and other costs in connection with their services that are not otherwise reimbursed by a Portfolio Company. Any such compensation or reimbursement received by an Executive Advisors Group member is paid and/or reimbursed by a Portfolio Company or prospective Portfolio Company or directly by a Gemspring Fund, and no such amounts will offset or reduce the Management Fee. Certain Executive Advisors Group members also invest in the Gemspring Funds. The use of Executive Advisors subjects Gemspring to conflicts of interest, as discussed under "Conflicts of Interest," below.

#### **Item 5.D.**

The Funds pay a non-refundable management fee in advance as set forth in Item 5A above. Withdrawals or redemptions of capital from Funds generally are not permitted. The Funds generally invest on a long-term basis.

Accordingly, Management Fees are paid, except as otherwise described in the Partnership Agreements, over the term of the Funds. 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.

#### **Item 5.E.**

Neither Gemspring, Realspring nor their supervised persons are compensated for the sale of securities or other investment products, and mutual funds.

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### ***Item 6: Performance-Based Fees and Side-by-Side Management***

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Certain of the Firm's affiliates generally are entitled to receive carried interest distributions with respect to the Funds. The carried interest or incentive distribution is effectively equivalent to a percentage of a Fund's net profits, subject to certain terms and conditions set forth in the Governing Documents. Any share of Fund net profits paid to the Firm's affiliate is separate and distinct from any annual Management Fees and other fees paid or borne by the Funds. As a fiduciary, the Firm recognizes that it must treat all its clients fairly and must refrain from favoring one client's interests (or the Firm's own interests) ahead of another client(s). Certain investors in the Executive Funds do not pay carried interest.

Carried interest distributions have the potential to create an incentive for the Firm to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than would be the case if these arrangements were not in effect. For example, a carried interest distribution generally entitles a Firm affiliate to a percentage of the net profits of a Fund; however, such affiliate is not required to bear the same proportion of the net losses, if any, suffered by the Funds as a whole. The Firm generally attempts to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital, a preferred return and expenses be returned to investors from a Fund before a Firm affiliate is entitled to receive any carried interest distributions from that Fund; (ii) the requirement that the Firm and/or its affiliates have a capital commitment to the applicable Fund; and (iii) the giveback or clawback obligations of a Firm affiliate by a Fund.

The method of calculating the carried interest has the potential to result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of the Firm's individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, are expected to face the same potential

conflict. Each General Partner generally has the authority to waive carried interest with respect to certain affiliated partners and other investors as described under “Fees and Compensation.”

In general, the Firm attempts to address any material conflicts through full and fair disclosure in the applicable offering documents and this Brochure, together with disclosures to the applicable advisory boards, as applicable.

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***Item 7: Types of Clients***

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The Firm provides discretionary investment management services solely to its Fund clients, and references throughout this Brochure to “clients” and to the Firm’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “**Company Act**”). The investors participating in the Funds generally include banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, high-net worth individuals, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and often include, directly or indirectly, principals or other employees of the Firm and its affiliates and members of their families, members of the Executive Advisors Group or other service providers retained by the Firm, as well as executives of portfolio companies.

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

The minimum initial capital commitment generally required for an investor in a Fund is set forth in each Fund’s offering documents (subject to the relevant General Partner’s discretion to accept a lesser amount). Generally, investors in the Funds must be “accredited investors,” as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder the (“**Securities Act**”), and “qualified purchasers” as that term is defined under the Company Act, unless such requirements are waived in the discretion of the relevant Fund’s General Partner (or qualified knowledgeable Firm personal).

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

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**Item 8.A.**

The Buyout Funds will primarily make control investments in companies headquartered in North America (U.S. and Canada) that the Firm believes are under-optimized and not realizing their potential. Gemspring seeks to target investment opportunities in which value is obscured by complexity and/or transaction process inefficiency that tends to attract fewer competing buyers. This enables the Firm to conduct exhaustive due diligence as the team targets fundamentally good, but under-optimized businesses that Buyout Funds can invest in at attractive prices and transaction structures.

The Firm’s investment philosophy is organized along five principles:

- Drive a high volume of deal flow across multiple sectors with a bias toward services and against cyclicity and capital intensity
- Identify and capitalize on opportunities in which value is obscured by complexity and/or transaction process inefficiency

- Pursue fundamentally good, but under-optimized, businesses with multiple levers to drive value creation and business transformation
- Invest with a value orientation and maintain a disciplined approach combining a margin of safety and outsized return potential
- Execute a repeatable investment and operational process that is supported by data-driven insights and thoughtful decision-making

The Firm's investment strategy begins with a proactive sourcing approach in which the Firm seeks to identify, review, and process a high volume of opportunities to find attractive investments. Deal flow is generated through a variety of channels and the Firm works to position itself as the buyer of choice for both sellers and intermediaries. With dedicated business development professionals whose focus is on expanding the sourcing funnel, the Firm covers a large universe of intermediaries and potential target companies.

Patience and investment discipline are core to the Firm's investment strategy. In every Gemspring acquisition, the Gemspring investment team (the "**Team**") looks for what they believe to be (i) an attractive purchase price and structure that provides what the Firm believes is a reasonable margin of safety and (ii) an opportunity for significant value creation and outsized returns.

Post-acquisition, the Firm takes a hands-on approach and seeks to drive attractive value creation and effect transformational change by (i) recruiting experienced management teams and instilling a culture of urgency and accountability, (ii) implementing transformative business initiatives and strategy realignment, (iii) institutionalizing sales and marketing to drive growth, (iv) improving operating efficiency and optimizing the cost structure and (v) completing strategic and accretive add-on acquisitions. The Firm's ultimate goal is to resolve underlying complexity and transform companies into larger, higher quality businesses that will sell at attractive prices upon exit.

The Growth Solutions Funds seek to capitalize on non-control investments in lower middle market companies headquartered in North America (U.S. and Canada). While the structure of the investments in the Growth Solutions Funds will be different from the Buyout Funds, the Firm seeks to apply the investing principles, sourcing machine, industry experience, and operating expertise as described above to non-control investment opportunities.

The Growth Solutions Funds seek to invest in fundamentally good businesses with unrealized growth potential and believes it has built a robust sourcing platform capable of generating an abundance of opportunities in the space. As the Firm evaluates and conducts diligence on these potential investments, the transaction dynamic and goals of both the seller and the Firm will play a key role in determining if the investment is appropriate for the Buyout Funds or the Growth Solutions Funds. Gemspring believes that the Growth Solutions Funds serve as a competitive advantage in the lower middle market by providing owners with an alternative option to a buyout in cases where owners see the value of a partnership with Gemspring, but wish to maintain majority control. By having the ability to provide multiple transaction solutions, Gemspring is able to execute on a broader set of attractive investment opportunities.

Potential situations for the Growth Solutions Funds include: (i) founders or business owners who prefer a minority and/or structured solution to enable liquidity, effectuate a refinancing, fund organic growth, or pursue acquisitions, (ii) situations where a structured minority investment presents a more attractive risk-adjusted return than a control transaction, (iii) certain preferred equity investments in Gemspring's own buyouts, (iv) providing priority capital to support high value third-party buyouts where Gemspring believes it can add value, and (v) opportunistic special situations where Gemspring can leverage its expertise and network. Gemspring will typically structure these investments to have a liquidation preference and will obtain material rights, controls and protective covenants potentially providing downside protection.

The Realspring Funds generally invest in opportunistic commercial real estate equity and debt investment opportunities. The Realspring Funds seek to primarily invest equity and/or debt in value-add and core-plus real estate opportunities where assets have been undermanaged or undervalued and Realspring believes it can add value through repositioning or redevelopment. Realspring focusses on broad property type targets across U.S. Tier I and Tier II markets including multifamily, industrial, office, retail, hotel, and other special purposes.

## **Item 8.B and Item 8.C.**

### *Risk Factors*

#### ***General Risk Factors***

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies or other investments (including real property), and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

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

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity and/or real estate-related transactions is highly competitive. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates, and other private funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partner, the Funds and their respective affiliates.

To the extent that the Funds encounter significant competition for investments, returns to limited partners may decrease. In addition, it is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the Commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through the Funds during the investment period based on the entire amount of the limited partners' Commitments and other expenses as set forth in the Governing Documents.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund primarily through making private equity and/or real estate-related investments as described herein, each General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. A General Partner is permitted to pursue investments outside of the industries and sectors in which the Firm have previously made investments or have internal operational experience.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which the Funds invest are (or may become) (i) highly regulated at both the federal and state levels in the U.S. and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in

companies or real estate-related investments that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of the Firm and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact the Firm 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.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The Fund's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual and other limitations on transfer or other restrictions that could interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, the return of capital or realization of gains, if any, on an investment generally will occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Funds capital, including unfunded Commitments.

*Leveraged Investments; Borrowing.* A Fund is permitted to make use of leverage by incurring or having a portfolio investment or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio investments will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio investments in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio investment's creditworthiness is such that it must borrow at higher interest rates than are

available to the relevant Fund. In the event any portfolio investment cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio investment, which could adversely affect the returns of the Funds. Additionally, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such portfolio investment in an insolvency event or proceeding. Should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio investment, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio investment is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Funds may hold a larger than expected equity investment in such portfolio investment and may realize lower than expected returns from the portfolio investment that would adversely affect the Funds ability to generate attractive returns for the Funds as a whole. Any failure by lenders to provide previously committed financing could also expose the Funds to potential claims by sellers of businesses which the Fund may have been contracted to purchase. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio investment, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio investment.

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

A Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and/or other entities managed by or otherwise affiliated with the General Partner or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and, in connection with incurring such indebtedness, the General Partner is permitted to, in its sole discretion, cause the Funds to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Funds were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent the Funds incur leverage (or provide any guaranty), such amounts are permitted to be secured by the Commitments of the Funds investors and other Fund assets. Any leverage secured by the Commitments of the Funds investors could enable a lender to issue a capital call on behalf of the General Partner of the Fund, and such investors' contributions may be required to be made directly to the lender instead of to the Funds. Conflicts of interest have the potential to arise in that the use of such facilities typically delays the need for Limited Partners to make capital contributions to the Funds, which in certain circumstances enhance the Funds' performance figures and thereby benefit the General Partner and its affiliates.

*No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.* Limited Partner interests in the Funds generally may not be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the General Partner, which may be withheld pursuant to the Partnership Agreements, and the volume of transfers permitted in any calendar year may be restricted in order to comply with certain safe harbors under the tax regulations promulgated under the Code. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations where retaining an interest in the Funds would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop.

Interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be transferred unless they are subsequently registered under the Securities Act and any other applicable securities laws, or unless an exemption from such registration is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Limited Partners may not be able to liquidate their investments prior to the end of the Funds term and must be prepared to bear the risks of an investment in the Fund for an extended period of time.

*Subscription Lines.* A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the Limited Partners, if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder, Limited Partners may be obligated to contribute capital on an accelerated basis. 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 subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to 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 certain of 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 subscription line, 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 subscription line 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 subscription line 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 subscription line 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 the Funds and the Limited Partners or impose additional obligations on them. For example, certain lenders or

facilities are expected to impose restrictions on the General Partner's ability to consent to the transfer of a Limited Partner's interest 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 subscription line, the 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 subscription line 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 investment 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 investment or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line 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 General Partner called smaller amounts of capital incrementally over time as needed by the Funds. 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. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Gemspring for expenses incurred on behalf of the Fund. The Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Funds are ultimately unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

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).

*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; increase the buying power of the Fund; provide interim financing to the extent necessary to consummate the purchase of investments prior to the receipt of permanent financing or capital contributions or distributions (as applicable); pay for Fund expenses or fund the payment of Management Fees; make, hold or dispose of investments; provide financing or refinancing; fund the payment of amounts to withdrawing limited partners; fund distributions to the partners; and/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.

*Investments Longer than Term.* The Funds may make investments that may not be advantageously disposed of prior to the date the Funds are dissolved, either by expiration of the Funds term or otherwise, or the Funds term may be extended to facilitate the wind-down of the Fund. Although the General Partner generally expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the General Partner has a limited ability to extend the term of the Funds, and the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. To the extent that such investments are held in trust, the trust may incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to the Limited Partners will occur.

*Distributions In-Kind.* Although, under normal circumstances, prior to the termination of the Funds, the Funds intend to make distributions in cash or marketable securities or other investments, it is possible that under certain circumstances (including the winding-up of the Funds), the Funds will make in-kind distributions of investments for which there is no readily available market and/or which may be subject to substantial restrictions on sale or transfer, and any such investments will also be difficult to value. It may be difficult for Limited Partners to liquidate the investments received at a price or within a time period that is determined to be ideal by such Limited Partners, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Limited Partners in receipt of a distributed investment will have no guidance from the Fund or the General Partner with respect to disposition of such investment (including timing of such disposition). The price at which such investments may be sold by such Limited Partners may be lower than the value of such investments determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest accruing to the General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

*Reliance on the General Partner and Portfolio Investment Management.* Control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds, is vested with the General Partner. Consequently, the Funds future profitability and investment performance will depend largely upon the business and investment acumen of the Firm's principals. The loss or reduction of service of one or more of the Firm's principals could have an adverse effect on the Funds ability to realize its investment objectives. In addition, the Firm's principals currently, and may in the future, manage or advise other investments and/or investment funds besides the Funds and the principals may need to devote substantial amounts of their time to the investment activities of such other investments and/or funds, which may pose conflicts of interest in the allocation of the time of the principals. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Funds or one or more of its portfolio investments, including potential acceleration of debt facilities. Furthermore, there can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of the Firm's principals. In addition, the Funds' investments may differ from previous investments made by the Firm's principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

The success of many of the Funds' portfolio investments is heavily dependent on the management team of such companies. Each portfolio investment's day-to-day operations will be the responsibility of such company's management team. Additionally, the General Partner will generally establish the capital structure of companies in which the Funds invests on the basis of the General Partner's financial projections for such companies, which will contain significant judgment and input from the portfolio investment management team. Although the General Partner will be responsible for monitoring the performance of each portfolio investment and the Funds generally intend to invest in companies with strong management teams or recruit strong management teams to such companies, there can be no assurance that the existing management team, or any successor, will be able or willing to successfully operate a company in accordance with the Funds objectives. Portfolio investments may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio investment on the date a portfolio investment is made will remain the same or continue to be affiliated with such company throughout the period the portfolio investment is held by the Funds. There can be no assurance that portfolio investments will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

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

*Conflicting Investor Interests.* Limited Partners are expected to have potentially conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment, tax and other relevant objectives of the Funds and its Limited Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

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

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

*Privacy, Data Protection and Information Security Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe, the United Kingdom ("UK") and other jurisdictions (collectively, "**Privacy Laws**") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the

Firm, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties or litigation, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Firm, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

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

*UK Exit from the European Union.* 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 Gemspring and Fund portfolio investments, 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.

*Registration under the U.S. Commodity Exchange Act.* Registration with the U.S. Commodity Futures Trading Commission (“**CFTC**”) as a “commodity pool operator” or as a “commodity trading advisor” or any change in the Fund’s operations necessary to maintain the General Partner’s ability to rely upon the exemptions from registration could adversely affect the Funds ability to implement its investment program, conduct its operations and/or achieve its objectives and subject the Funds to certain additional costs, expenses and administrative burdens. Furthermore, any determination by the General Partner to cease or to limit investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC may have a material adverse effect on the Fund’s ability to implement its investment objectives and to hedge risks associated with its operations.

*Sanctions Compliance Considerations.* Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict the General Partner, the Funds, its portfolio investments and their respective officers, directors and employees from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain non-U.S. countries, territories, entities and individuals. These persons and entities include specially designated nationals and other persons and entities targeted by OFAC sanctions programs. The lists of OFAC restricted countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict the Fund's direct or indirect investment activities in certain countries. The economic sanctions and related laws of different jurisdictions in which the Fund makes investments also may conflict with one another, such that compliance with all applicable laws may be difficult. Failure by the General Partner, the Fund or any of the Fund's portfolio investments to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties.

*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) (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 Funds.

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

*Need for Follow-On Investments.* Following its initial investment in a given portfolio investment, the Firm is permitted to decide to provide additional funds to such portfolio investment or consider the opportunity to increase its investment in a successful portfolio investment (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that the Fund will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio investment in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase its participation in a successful portfolio investment or the dilution of

the Funds ownership in a portfolio investment if a third party or co-investor invests in such portfolio investment.

*Over-Commitment.* In order to facilitate the acquisition of a portfolio investment, the Funds may make (or commit to make) an investment in such investment with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the Funds will bear the risk that any or all of the excess portion of such investment may not be sold or may be sold on unattractive terms and that, as a consequence, the Funds may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio investment or realize lower than expected returns from such investment.

*Non-U.S. Investments.* The Funds may invest in portfolio investments that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Fund's non-U.S. investments are denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Funds and/or the Limited Partners; (x) differing and potentially less well-developed or well-tested laws, including regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xii) political hostility to investments by non-U.S. or private equity investors; and (xiii) less publicly available information.

*Hedging Arrangements; Related Regulations.* A General Partner is authorized (but not obligated) to endeavor to manage the Funds' or any portfolio investment's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds are permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the CFTC or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio investment

to hedge its exposures becomes limited by such requirements.

*Significant Adverse Consequences for Default.* The Partnership Agreements provide for significant adverse consequences in the event a Limited Partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting Limited Partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest. Whether and how to exercise the Funds remedies against a defaulting Limited Partner will be determined by the General Partner, in its sole discretion, and the General Partner may require the non-defaulting Limited Partners to contribute capital to make up for the shortfall created by such defaulting Limited Partner. Additionally, if the contributions made by non-defaulting Limited Partners and borrowings by the Funds are inadequate to cover the defaulted amount of a defaulting Limited Partner, the Funds may be unable to pay its obligations when due and, as a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the Limited Partners (including non-defaulting Limited Partners).

*Impacts of Excuse or Exclusion.* A Limited Partner's participation in the Funds' investments may be limited by virtue of the General Partner's right to exclude a Limited Partner from, or a Limited Partner's right to be excused from, participating in certain of the Funds' investments as set forth in the Partnership Agreement, thereby increasing the participation of other Limited Partners. As a consequence of one or more Limited Partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of even one investment by the Funds.

*Dilution.* Limited Partners admitted or that increase their respective Commitments to the Funds at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Fund's existing investments at the time of such contributions.

*Transfer by General Partner.* To the extent the General Partner, its partners, the Firm's principals and/or their respective affiliates commit to make a direct or indirect investment in or alongside the Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreements.

*Recycling; Reinvestment.* During a Fund's investment period, the General Partner generally has the right to recall certain capital returned or distributed to the Limited Partners. Accordingly, during the term of the Funds, a Limited Partner may be required to make capital contributions in excess of its Commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, a Limited Partner will remain subject to investment and other risks associated with such investments.

*Fees and Expenses.* The Funds will pay and bear all expenses related to its operations, including Management Fees and the costs of holding, monitoring, maintaining and disposing of portfolio investments, including investment banking fees and consulting fees, whether or not the Funds makes any profits. While it is difficult to predict the future expenses of the Funds, such expenses may be substantial and may surpass the Funds operating income. The amount of these partnership expenses will reduce the actual returns realized by Limited Partners on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of the Funds expenses ultimately called or called at any one time may exceed expectations.

*Liability of Limited Partners.* The Funds have been organized as Delaware limited partnerships. Generally, a Limited Partner should not be personally liable for the debts of the Funds except that, in the event the

Funds are otherwise unable to meet its obligations, the Limited Partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them, subject to certain limitations set forth in the Partnership Agreements. In addition, any Limited Partner's Commitment is susceptible to risk of loss as a result of any liability of the Funds irrespective of whether such liability is attributable to an investment to which such Limited Partner did not contribute any capital.

*Limitation of Recourse and Indemnification.* The Partnership Agreements limit the circumstances under which the General Partner and its affiliates will be held liable to the Funds. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreements provide that the Funds will indemnify the General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to Limited Partners. Although the Governing Documents generally contain broad exculpation and indemnification provisions, the Firm will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act.

*Litigation.* The transactional nature of the business of the Funds exposes the Funds, the General Partner and their respective affiliates generally to the risk of third-party litigation. In the ordinary course of its business, the Funds may be subject to litigation from time to time. Additional regulation could also increase the risks of third-party litigation. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and the Firm's principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

*Advisory Board.* The General Partner will appoint one or more Limited Partner representatives to the Advisory Boards. The Partnership Agreements provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Funds or any other Limited Partner. In addition, representatives of the Advisory Board may have various business and other relationships with Gemspring and its partners, officers, directors, employees and affiliates. These relationships may influence their decisions as members of the Advisory Board.

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

*General Economic and Market Conditions.* The private fund industry generally and the success of the Funds investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partner. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the

Funds and may affect the Funds ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or non-U.S. exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the Fund's portfolio investments. The Funds' performance can be affected by deterioration in the capital markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio investments and investors' risk-free rate of return. Movements in non-U.S. exchange rates may adversely affect the value of investments and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of its portfolio investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds ability to raise funding to support its investment objective.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, the Funds ability to generate attractive investment returns may be adversely affected to the extent the Funds are unable to obtain favorable financing terms for its investments. Moreover, to the extent that such deterioration is not temporary and continues, it may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such deterioration also may restrict the ability of the Funds to realize its investments at favorable times or for favorable prices.

*Adequacy and Availability of Insurance.* While the Funds may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from certain adverse events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation. The Funds may not be able to obtain insurance against certain losses of a catastrophic nature, such as those caused by wars, earthquakes, terrorist attacks or other similar events, as such events may be either uninsurable or insurable at such high rates as to materially and adversely impact the Funds profitability.

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



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

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Firm or the Funds from entering into transactions with certain individuals or jurisdictions. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio investment may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio investments owned by them.

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

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by (i) Firm employees, (ii) Portfolio Company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Funds and/or the relevant General Partner and cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. The Firm has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

*Certain Consultants.* The General Partner expects, from time to time, to retain, on behalf of the Funds and/or the portfolio investments, as applicable, use or employ certain operating partners, advisors and other consultants ("**Special Consultants**"), which may be affiliates of the General Partner, third party consultants (including individual Executive Advisors Group members, "theme executives", and members of the "operating executive network", each as described in the Governing Documents, and consultants and external executives), "operating partners," "strategic partners," "growth partners," "executive partners," "consultants" or "senior advisors." The Special Consultants may be engaged to provide services to, or in connection with, the Fund in relation to its activities, or to one or more portfolio investments or perspective portfolio investments in relation to the identification, acquisition, holding, improvement and disposition of such portfolio investments, including operational aspects of such companies ("**Services**").

Pursuant to the Partnership Agreements, the Special Consultants will receive compensation, fees and certain expenses associated with the Services (collectively, "**Consulting Fees and Expenses**"), paid and/or reimbursed by the applicable portfolio investments, prospective portfolio investments and/or, directly or

indirectly, by the Funds. Consulting Fees and Expenses are not included as “Gemspring Transaction Fees” or “Realspring Transaction Fees” and do not offset the Management Fee payable by the Fund. Consulting Fees and Expenses are expected to include, without limitation, retainer and/or consulting fees (including in the form of cash, profits or equity interests in a portfolio investment or the Fund, a share of proceeds upon sale of a portfolio investment or other non-cash compensation) an allowance or reimbursement for health insurance, personnel costs and other benefits and other indicia of employment and/or other incentive-based compensation to the Special Consultant, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, a percentage of the value of the portfolio investment, the invested capital exposed to such portfolio investment, amounts charged by other providers for comparable services and/or a percentage of cash flows from such portfolio investment. Additionally, portfolio investments may provide opportunities for Special Consultants to invest in one or more portfolio investment and reimburse costs and expenses incurred by Special Consultants. Special Consultants also may receive remuneration from the General Partner and/or the Fund or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio investments. Such investment opportunities, reimbursements and other compensation paid to a Special Consultant will not offset the Management Fee. Special Consultants may have a limited partnership or profit interest in the Funds, the General Partner, one or more other investment funds sponsored by Gemspring (including other investment funds that may be formed in the future). Although the General Partner intends to retain Special Consultants with a view to reducing costs to portfolio investments (and, ultimately, the Funds) and/or improving portfolio investment performance, a number of factors may result in limited or no cost savings from such retention. In addition, the General Partner intends to retain only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, portfolio investments of the Funds, from time to time, pay Special Consultants to perform Services that, directly or indirectly, benefit the Firm and its affiliates. Consequently, the Firm and its affiliates potentially receive the benefit of certain Services without being charged or at rates that are lower than the rates borne by the Funds or its portfolio investments. Conversely, portfolio investments of the Funds may benefit from Services that are paid for by the Firm and its affiliates. There can be no assurance that the Funds or their portfolio investments will receive benefits paid for by the Firm and its affiliates that are commensurate to the benefits received by the Firm and its affiliates.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partner will apply a methodology it determines to be appropriate and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, the Funds and/or the General Partner may be required to make (and/or be responsible for another person’s or entity’s breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio investment, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. The Funds and/or the General Partner may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, its investors. In such a situation, Limited Partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Partnership Agreements.

Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each Limited Partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

*Cybersecurity Risks and Identity Theft.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. The Funds and its portfolio investments' information and technology systems are vulnerable to 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 earthquake. Although the General Partner intends to implement various measures 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, the General Partner, the Funds and/or a portfolio investment may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Fund's and/or a portfolio investment's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner's, the Funds and/or a portfolio investment's reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise adversely affect their business and financial performance. To the extent that a portfolio investment, Fund, General Partner, Gemspring, Realspring or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the Firm, the Funds and/or portfolio investments may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Firm's, the Funds', portfolio investments' and/or service providers' operations, including the ability to make distributions to limited partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio investment, or the Funds, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio investments or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the General Partner or one of its affiliates or service providers holding its financial or investor data, the General Partner, its affiliates or the Fund may also be at risk of loss.

*Disclosure of Confidential Fund and Investor Information.* The Limited Partners are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding the Funds, its investments and its investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. The Funds may incur expenses in connection with responding to any such disclosure requests, even if the Funds ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the Limited Partners have pursuant to the Partnership Agreements to maintain the confidentiality of the Funds information, there can be no assurance that such information will

not be disclosed either publicly or to regulators, law enforcement or otherwise. The General Partner may also in certain circumstances, in an effort to protect any such potential disclosure, withhold all or any part of the information otherwise to be provided to such a Limited Partner, as more fully described in the Partnership Agreements. There can be no assurance that such information will not be disclosed by the Funds, the General Partner, the Firm, their respective affiliates and personnel, portfolio investments or services providers to any of them including, without limitation, to comply with laws, regulations or policies to which they are or may become subject. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private fund advisers, such as the Firm, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of the Funds information could have an adverse effect on the Funds and their investors, for example, by affecting the Funds competitive advantage in finding attractive investment opportunities.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as 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 investments' 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 investments 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 investments, the General Partner and the Firm 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 Conflict.* Wars and other international conflicts have caused disruption to, among other things, the global financial system, global markets and global trade and transport. In response, multiple countries have put in place sanctions and other severe restrictions or prohibitions on certain of the parties involved, as well as related countries, parties and businesses. The ultimate impact of current 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.

Such 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. Such conflicts 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.

*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 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 the Firm 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 the Firm 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.

*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.

*Secondaries and other General Partner-Led Transactions.* There continues to be a significant market for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions, and the Firm 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 all or a portion of one or more investments that will continue to be managed by the Firm following the transaction. Such transactions are permitted to be 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 the Firm 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 the Firm and its affiliates), often on different terms than their original investment in the Fund. Certain of such transactions are expected to involve: a limited partner investing (or being required to invest additional capital in the existing Fund and/or other investment vehicles); a greater exposure to one or more particular portfolio investment; and/or, a delay in the full liquidation of an investment. Limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio investment in certain circumstances 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 such limited partners' interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or a limited partner and those of the Firm or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where the Firm 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, the Firm, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent the Firm requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by the Firm in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund), 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 investment(s) being sold. Further, the relevant General Partner is expected to be incentivized, including through the possibility of receiving additional compensation, 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 the Firm 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 Board prior to the closing of the transaction, there can be no assurance that the Firm 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, the Firm reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. The Firm is permitted to seek the consent of the relevant Fund's Advisory Board 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 the Firm, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds or its 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, the Firm, 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 the Firm to manage the Funds and their investments, and on the ability of the Firm, 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 the Firm 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 the Firm 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 the Firm 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 the Firm 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 the Firm seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Firm 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.

*Environmental, Social and Governance ("ESG") Matters.* The Firm 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 duties and any applicable legal, regulatory or contractual requirements. Applying ESG factors to investment decisions is subjective by nature, and the Firm 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 the Firm, or any judgment exercised by the Firm, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, the Firm's ESG policy and associated ESG practices are expected to evolve over time. Although the Firm views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, the Firm cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund.

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, the Firm 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 the Firm to incorrectly assess a company's ESG practices and/or related risks and opportunities. The Firm does not intend independently to 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. The Firm's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time, and, in all cases, will be subject to the General Partners' discretion and fiduciary duties. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage ESG risks and opportunities, as well as how asset managers 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. The Firm and its ESG policy and associated ESG practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and the Firm cannot guarantee that its current approach including the ESG policy and associated ESG practices will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements is expected to lead to increased management burdens and costs.

*Climate Change Creates Physical Risks:* Increasing concentrations of greenhouse gas emissions in the Earth's atmosphere may see increases in "physical risks" resulting from climate change, which can be event driven, for example, increased severity of extreme weather events, such as cyclones, hurricanes, or floods, or longer-term shifts in climate patterns, for example, sustained higher temperatures that may cause sea levels to rise or chronic heat waves. The impact of physical risks relating to climate change and greenhouse gas emissions on a company's financial or operational performance, and the timing of these impacts, will depend on a number of factors, a number of which are subject to uncertainty. The General Partner cannot rule out the possibility that climate risks, including physical risks, could result in unanticipated or additional delays or expenses and, under certain circumstances, could prevent commencement or completion of investment activities once undertaken, any of which could have a material adverse effect on an investment or on the Fund.

*Climate Change creates Transitional Risks:* Assets may be exposed to climate change-related "transition risks" (in addition to physical risks) such as: (i) regulatory or policy risk (e.g., changing legal or policy requirements that could result in increased permit and compliance costs, changes in business operations or the discontinuance of certain operations); (ii) technology and market risk (e.g., declining markets for products and services seen as greenhouse-gas-intensive, or less effective than alternatives in reducing greenhouse gas emissions); and (iii) reputational risk (e.g., risks tied to changing customer or community perceptions of an asset's relative contribution to greenhouse gas emissions). The General Partner cannot rule out the possibility that climate risks, including transition risks, could result in unanticipated or additional delays or expenses and, under certain circumstances, prevent commencement or completion of investment activities once undertaken, any of which could have a material adverse effect on an investment or on the Fund.

*Climate Change Creates Litigation Risks:* Increasing legal challenges relating to climate change and greenhouse gas emissions make it even more difficult to predict with certainty the impacts that laws, regulations, and other policy or regulatory initiatives may have on the companies or assets in which the Fund invests. Recent years have seen climate-related litigation being brought by a range of stakeholders seeking monetary or injunctive relief related to climate impacts, including states, municipalities and local governments, banks and financial institutions, investors, insurers, company directors and project owners or developers. A range of reasons underpin such litigation, including the failure of organizations to mitigate the impacts of climate change, the failure to adapt appropriately to climate change, and insufficiency or inaccuracy of disclosure around material financial risks associated with climate change. The General Partner cannot rule out the possibility that such litigation risks could result in unanticipated or additional delays or expenses and, under certain circumstances, could prevent commencement or completion of investment activities once undertaken, any of which could have a material adverse effect on an investment or on the Fund.

*Climate Change Creates Opportunities which the General Partner may not Maximize:* Financial resources and public and private investment into business activities seeking to address climate change, reduce emissions and promote adaptation to climate change-related impacts are increasing. While financial and



non-financial benefits may flow from these types of investments, the General Partner cannot guarantee that such activities will improve the financial or ESG-related performance of the investment, reduce emissions or promote adaptation to climate change-related impacts and the General Partner may also not find itself in a position to maximize opportunities presented by such business activities whether in respect of financial or non-financial returns.

*Artificial Intelligence and Machine Learning.* The emergence of recent technology developments in artificial intelligence ("AI") and machine learning (collectively, "**Machine Learning Technology**") can pose risks to the Firm, the Funds, and their portfolio investments. The Firm may itself utilize AI and Machine Learning Technology, and it may be further exposed to the risks of AI and Machine Learning Technology if third-party service providers or portfolio investments of or any counterparties also use AI or Machine Learning Technology. Use of AI or Machine Learning Technology may directly or indirectly create security or data risks and may increase trademark, licensing and copyright risks. The Firm will not control the manner in which third-party products are developed or maintained. Furthermore, the Firm or third-party systems or data that are integrated in the Firm's investment process or the general workflows of the Firm or its portfolio investments may rely on or utilize AI or Machine Learning Technology, and such technologies may utilize proprietary or confidential information as inputs. Accuracy of such inputs and the resulting impact cannot be verified and could result in risk of diminished quality control or false or misleading information. Further, inherent bias in the construction of AI or Machine Learning Technology can lead to a wide array of risks including but not limited to accuracy, efficacy, and reputation. Firm personnel may, unbeknownst to the Firm, utilize AI or Machine Learning Technology. To the extent that the Firm is exposed to AI or Machine Learning Technology, any inaccuracies or errors could have adverse impacts on the Firm, the Funds, and their portfolio investments. AI and Machine Learning Technology continues to develop rapidly and it is impossible to predict the future risks that may arise from such developments.

### ***Gemspring-Specific Risk Factors***

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

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

*Risk in Effecting Operating Improvements.* In some cases, the success of the Gemspring Funds investment strategy will depend, in part, on the ability of the Funds to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of a portfolio company's key personnel and disrupt normal business operations of such company. There can be no assurance that the Gemspring Funds will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions.* Before

making investments, the relevant Gemspring General Partner will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and the Gemspring General Partner may rely on the advice received from such third parties. Investment analyses and decisions by the Gemspring General Partner may, at times, be undertaken on an expedited basis in order for the Gemspring Fund to take advantage of investment opportunities and/or consummate investments. In such cases, the information available to the Gemspring General Partner at the time of an investment decision may be limited, and the Gemspring General Partner may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily be indicative that an investment will be successful or that the Gemspring Funds will realize a return on its invested capital.

*Public Company Holdings.* The Gemspring Funds investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Gemspring Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Gemspring Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Gemspring professionals serving on any such boards, and increased costs associated with each of the aforementioned risks.

*Control Person Liability.* The Buyout Funds are expected to have controlling interests in a number of their portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws and regulations) and other types of liability, for which the limited liability generally afforded to a company's beneficial owners may be ignored. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, the Buyout Funds could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, the Buyout Fund could suffer significant losses. While the General Partner intends to manage the Buyout Funds in a manner that will minimize the exposure of these risks, the possibility of successful claims against the Buyout Funds and/or its affiliates cannot be precluded.

*Non-controlling Investments.* The Gemspring Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Gemspring Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Gemspring Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Gemspring Funds holds a minority stake, it may be more difficult for the Funds to liquidate its interests than it would be had the Gemspring Funds owned a controlling interest in such company. Even if the Gemspring Funds have contractual rights to seek liquidity of the Gemspring Funds minority interest in such companies, it may be very difficult to sell such interest upon terms acceptable to the Gemspring Funds.

To the extent the Gemspring Funds invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Gemspring Funds or its Limited Partners. Such third parties may be in a position to take action contrary to

the Gemspring Funds business, tax or other interests, and the Gemspring Funds may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, the Gemspring Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the Gemspring Funds will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Director Liability.* The Gemspring General Partner expects that the Gemspring Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests (each, a “**Board Representative**”). In those instances where the Gemspring Funds are not the sole shareholder of the applicable portfolio company, a Board Representative may have duties to persons other than the Gemspring Funds and such portfolio company. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Board Representative, and ultimately the Gemspring Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Gemspring Funds investment activities.

*Unfunded Pension Liabilities of Portfolio Companies.* Certain court decisions have found that, where an investment fund owns 80% or more (or, under certain circumstances, less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Gemspring Funds intend to manage its investments to minimize any such exposure, a Fund is permitted to invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund owns an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of the Fund) was deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests.

*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.

*Investments in Smaller or Less Established Companies.* The Funds are permitted to invest all or a portion of its assets in the securities of smaller or less established companies. Portfolio investments in such smaller or less established companies involve greater risks than generally are associated with investments in larger or more established companies. Such companies are typically subject to a greater degree of change in earnings and business prospects than larger and/or more established companies. To the extent there is any

public market for the securities held by a Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Investments in smaller or less established companies could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which a Fund invests, such Fund may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments. Furthermore, smaller or less established companies may not have the operating history that would allow the relevant General Partner to make objective pricing decisions in acquiring these companies, and the purchase prices of these companies are expected to be based upon projections as to the expected operating results of such companies, subjecting the Fund to risks that such companies may not achieve anticipated operating results or may not achieve these results within anticipated time frames. Additionally, such smaller or less established companies can carry an increased risk of litigation.

*Competition.* The markets in which a Fund competes may be characterized by rapid change, converging technologies, and a migration to networking and communications solutions that offer relative advantages. These market factors represent a competitive threat. A Fund competes with numerous vendors in each product category. The overall number of competitors providing niche product solutions may increase. Also, the identity and composition of competitors may change as a portfolio investment increases its activity in newer product areas, and in key priority and growth areas. A Fund's competitors may improve their competitive position by successfully introducing new products and services, expanding their capacity or responding more effectively than a Fund to new or emerging technologies and changes in customer requirements. In addition, consolidation among a Fund's competitors or customers may result in reduced demand for a portfolio investment's products and services or make it more difficult for a portfolio investment to compete. Some of a portfolio investment's competitors' financial, technological and other resources are greater than the portfolio investment and, as a result, may be better able to withstand changes to industry conditions. The occurrence of any of these events could materially adversely affect a portfolio investment's financial condition and results of operations.

*Laws and Regulations Governing the Internet.* The future success of many, if not all, portfolio investments, will depend upon the continued use of the internet as a primary medium for commerce, communication and business services. Changes in laws and regulations related to the internet or changes in the infrastructure of the internet itself may diminish the demand for portfolio investments' products, including software solutions. U.S. federal, U.S. state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting the use of the internet as a commercial medium. Portfolio investments may be required to modify their products in compliance with such changes in laws and regulations. Also, domestic and foreign government agencies and private organizations may begin to impose taxes, fees or other charges for accessing the internet or for the commerce conducted via the internet. Such charges and regimes could limit the growth of internet-related commerce or communications generally or reduce demand for internet-based products and business services, which may negatively impact a Fund's portfolio investments.

*Governmental Export and Import Controls.* Companies may be subject to U.S. export controls for software and for incorporating encryption technology into any customer service platforms enabled through mobile applications. Such products incorporating encryption technology may only be exported outside of the U.S. with the required export authorizations, including by license, a license exception or other appropriate government authorizations, for example the filing of an encryption registration. Also, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit the ability of companies to offer or distribute their products. Further, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by U.S. sanctions. Such governmental export and import controls could negatively impact a General Partner and a Fund by impairing the abilities of portfolio investments to compete in international markets or subject them to liability for violations, including possible civil and criminal penalties and repercussions.

*Credit Risks of Investments in Debt Securities.* A Fund is expected to make investments in debt securities. Portfolios consisting of debt securities are subject to credit risk, which is the likelihood that an issuer will default in the payment of principal and/or interest on its obligations, among other covenants and requirements. Financial strength and solvency of an issuer are key factors influencing credit risk. Issuers may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance and increase credit risk. In addition, subordination, lack of or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of a Fund's investment. In addition, issuers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurs, a Fund's ability to make anticipated distributions to Limited Partners could be delayed or otherwise adversely affected.

*Interest Rate Risk.* Portfolios consisting of debt securities are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of the credit investments in a Fund's portfolio. The ability of companies or businesses in which a Fund may invest to refinance debt instruments or repay debt obligations (including making payments to a Fund as a creditor with respect thereto) may depend on their ability to obtain financing, including by selling new securities or instruments in the high yield debt or bank financing markets, which at certain points have been extraordinarily difficult to access at favorable rates. Volatility and instability in the credit or securities markets may also increase the risks inherent in a Fund's investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities and other instruments) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Additional factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, and instability in domestic and foreign financial markets. The Funds expect that they will periodically experience imbalances in their assets and liabilities as a result of changes in interest rates. In a changing interest rate environment, the Funds may not be able to manage this risk effectively. If a Fund is unable to manage interest rate risk effectively, the Fund's performance could be adversely affected. While a Fund may seek to do so, it is not required to hedge its interest rate risk.

### ***Realspring-Specific Risk Factors***

*General Risk of Real Estate Investment.* The Realspring Fund's investments are subject to the risks incident to the ownership and operation of real estate and real estate-related businesses and assets. Real property investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including: (i) changes in the general economic climate or in national or international economic conditions; (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management; (iv) competition based on rental rates; (v) attractiveness, type and location of the properties and changes in the relative popularity of commercial properties as an investment; (vi) financial condition of tenants, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in real estate tax rates and other operating costs and expenses; (ix) energy and supply shortages; (x) changes in interest rates and the availability of mortgage funds and other financing which may render the sale or refinancing of properties difficult or impracticable; (xi) uninsured losses or delays from casualties or condemnation; (xii) government regulations (including those governing usage, improvements, zoning and taxes) and fiscal policies; (xiii) potential liability under changing environmental and other laws; (xiv) risks and operating problems arising out of the presence of certain construction materials; (xv) structural or property level latent defects; (xvi) acts of God, terrorist attacks, war (declared or undeclared), work stoppages, shortages of labor, strikes, union relations and contracts, fluctuating prices and supply of labor and/or other labor-related factors, and other factors that are beyond the control of Realspring, the Realspring General Partner or Realspring; (xvii) increased mortgage

defaults;

(xviii) negative developments in the economy that depress travel activity; (xix) environmental liabilities and contingent liabilities on disposition of assets; (xx) changes in applicable laws; and (xxi) other factors beyond the control of the Realspring General Partner. Investments in existing entities (*e.g.*, buying out a distressed partner or acquiring an interest in an entity that owns real property) could also create risks of successor liability.

*Risk of Investments in Real Estate Debt.* The Realspring Fund is permitted to invest in a variety of real estate-related debt investments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real property investments, the Realspring Fund will be subject to a variety of risks in connection with such debt investments, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the Realspring Fund's exercise of contractual remedies for defaults of such investments.

*Risks of Acquiring Real Estate Property.* The Realspring Fund's investments will be subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of its properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there may be a period of time before the Realspring Fund will begin receiving rental payments under a replacement lease. During that period, the Realspring Fund will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair the Realspring Fund's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require the Realspring Fund to make capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that the Realspring Fund undertakes may divert cash that would otherwise be available for distribution to investors. Ultimately, to the extent that the Realspring Fund is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact the Realspring Fund's operating results.

*Investments in Land; Development and Redevelopment.* The Realspring Fund is permitted to acquire direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income-producing), real estate developments or redevelopments and/or businesses that engage in real estate development or redevelopment. To the extent that the Realspring Fund invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities. Such risks include risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Realspring Fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Realspring Fund. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

In addition, investments in new development activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any vehicle in which the Realspring Fund invests, the Realspring Fund may suffer a partial or total loss of capital invested in such vehicle. There can be no assurance that any such losses will be offset by gains (if any) realized on the Realspring Fund's other investments.

*Investments in Distressed and Other Troubled Assets.* The Realspring Fund is permitted to purchase, directly or indirectly, investments that are experiencing or are expected to experience significant financial or business distress, including securities, companies or real estate assets involved in bankruptcy or other

reorganization and liquidation proceedings. Many of these investments ordinarily remain unpaid unless and until the investment is reorganized and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these investments. Investments in properties operating under the close supervision of a mortgage lender or under bankruptcy or other similar laws are, in certain circumstances, subject to certain additional potential liabilities which may exceed the value of the Realspring Fund's original investment therein. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Realspring Fund and distributions by the Realspring Fund to the investors may be required to be returned if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the Realspring General Partner's access to reliable and timely information concerning material developments affecting an investment, or which cause lengthy delays in the completion of the liquidation or reorganization proceedings. There can be no assurance that the Realspring General Partner will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action.

*Insurance May Not Cover All Losses.* Comprehensive casualty insurance will be maintained on the Realspring Fund's investments, including liability and fire and extended coverage, in amounts sufficient to permit replacement in the event of a total loss, subject to applicable deductibles. The Realspring General Partner will endeavor to obtain coverage of the type and in the amount customarily obtained by owners of properties similar to the real property that it acquires in the future. There are certain types of losses, however, generally of a catastrophic nature, resulting from, for example, earthquakes, floods, hurricanes, pollution, environmental matters, wars, riots, nuclear reactions and terrorist acts, which may be uninsurable or not economically insurable. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total costs of casualty insurance for a property. As a result, the Realspring Fund's investments might not be insured against terrorism. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors also might make it economically impractical to use insurance proceeds to replace improvements on a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds received, if any, might not be adequate to restore the investment with respect to the affected property. If a major uninsured loss occurs, the Realspring Fund could lose both invested capital in and anticipated profits from the affected investments.

*Americans with Disabilities Act and Similar Laws.* Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations in the United States must meet federal requirements related to access and use by disabled persons. If one or more of the properties in the Realspring Fund's portfolio does not comply with the ADA, then the Realspring Fund may be required to incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to federal, state and local laws also may require modifications to the Realspring Fund's properties, or restrict the Realspring Fund's ability to renovate its properties. The Realspring Fund cannot predict the ultimate cost of compliance with the ADA or other legislation. If the Realspring Fund incurs substantial costs to comply with the ADA and any other similar legislation, the Realspring Fund's financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

*Harmful Mold and Other Air Quality Issues.* When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality

issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to radon, airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of the Realspring Fund's properties could require the Realspring Fund to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose the Realspring Fund to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

*Casualty and Condemnation.* Investments in real estate are subject to the risks of partial or total condemnation in accordance with applicable law or regulation and casualty, whether arising from destruction by fire, earthquake, flood, hurricane or otherwise. In either case, the Realspring Fund's investments (depending on such investments' status as lender, borrower or equity owner) may be subject to one or more of the following liabilities: (i) lenders may require prepayments of outstanding loans with any proceeds arising from a casualty or condemnation recovery event (i.e., insurance coverage), (ii) insurance coverage may not be sufficient to cover renewal of an investment, (iii) renovations or developments with respect to an investment may be delayed and (iv) a seller may bear the risk of loss for such casualty or condemnation in connection with the disposition of an investment through the date of disposition.

*Potential Environmental Liability.* Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Realspring Fund's return from such investment.

### ***Conflicts of Interest***

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of the Funds, the General Partner and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered; however, the following is not necessarily a complete list of all such actual or potential conflicts of interest that will likely arise. In addition, investors should be aware that the Firm and its respective personnel could in the future engage in further activities that will likely result in additional conflicts of interest not addressed below. There can be no assurance that the Firm will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds.

The Firm and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. The Firm will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Firm conducting its activities, the interests of a Fund likely will conflict with the interests of the Firm, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Firm will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the Advisory Board of the participating Funds.



During the investment period of a Fund, all appropriate investment opportunities will be pursued by the Firm principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and the Firm's allocation policy. Without limitation, Firm principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing and expect to direct certain relevant investment opportunities or resources to those investment funds and investments. Firm personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. The Firm's principals and the Firm's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Firm principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, the Firm principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in the Firm's sole discretion, the Firm and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Moreover, unless restricted by the Governing Documents and subject to the Firm's policies and procedures, Firm personnel are permitted to serve on boards or act in other roles unaffiliated with the Firm, the Funds or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio investments, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

The Firm expects to be presented with certain investment opportunities that would be suitable for more than one Fund or other investment vehicles sponsored by the Firm or its affiliates. The Firm's principals and their affiliates are subject to potential conflicts of interest in determining which funds or vehicles should participate in such investment opportunities. Except as required by the Governing Documents, the Firm is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one client of the Firm in a portfolio company also have the potential to raise the risk of using assets of a client of the Firm to support positions taken by other clients of the Firm.

To determine whether the Funds or other investment funds sponsored by the General Partner or its affiliates will, or are required to, participate in the relevant investment opportunity, the Firm generally assesses whether an investment opportunity is appropriate for each relevant Fund based on the terms of such Fund's Governing Documents, as well as factors including, but not limited to: each Fund's investment restrictions and objectives (including those set forth in the relevant Fund's Governing Documents, where applicable), strategy, capital structure, time horizon, investment size, applicable regulatory restrictions, life cycle and structure. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds advised by an affiliate of the Firm in the manner set forth in the Governing Documents. The Firm will determine the allocation of investment opportunities among Funds in a manner that it believes is fair, equitable and consistent with the Firm's obligations and take into consideration factors such as those set forth above.

The General Partner's allocation of investment opportunities among the Funds and any of the other investment funds sponsored by the General Partner or an affiliate thereof may not always, and often will not, be proportional. Therefore, such allocations will be more advantageous to the Funds relative to one or all of the other investment funds, or vice versa. While the General Partner will allocate investment opportunities in a way that it believes in good faith is fair and equitable to the Funds, there can be no assurance that the Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which the General Partner is subject did not exist.

Additionally, potential conflicts of interest are expected to arise when and to the extent a Fund makes an investment in conjunction with an investment being made by another Fund, or if the Fund were to invest in the securities of a company in which another Fund has already made an investment. For instance, the Funds

will not necessarily invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Funds. This likely will result in differences in price, investment terms, leverage and associated costs. Where multiple Funds invest in the same investment at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms, and there can be no assurance that the Funds return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to all involved Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Following such determination of allocation among Funds, the Firm reserves the right to offer co-investment opportunities to one or more potential co-investors, including Executive Advisors Group members, vendors, service providers and/or third parties, as determined by the Governing Documents, Side Letters and the Firm's procedures regarding allocation. The Firm's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the geographic location, market or industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that can arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; the Firm's perception of whether the investment opportunity will likely subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Firm's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; and whether the Firm believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Firm. Although the Firm reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by the Firm in identifying co-investors. The Firm reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio investments or otherwise to have priority in co-investment opportunities.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities are expected to be made by the Firm or its related persons in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment theoretically reduces the amount of the relevant investment opportunity that could have been taken by the relevant Fund, and the Firm expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio investment, a Fund reserves the right to make

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

The Firm's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While the Firm will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, 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 potential conflicts of interest to which the Firm expects to be subject, discussed herein, did not exist.

The Firm will likely be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. The Firm, in its sole discretion, will allocate fees and expenses in accordance with the Governing Documents and in a manner that it believes is fair and equitable to the Funds under the circumstances and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, the Firm expects to be faced with a variety of potential conflicts of interest.

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

The Gemspring Funds make controlling and non-control investments in portfolio companies. The Funds often have the right to appoint Portfolio Company board members (including current or former Firm personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. Portfolio Company board members frequently approve compensation and/or other amounts payable to the Firm and/or its affiliates. Except to the extent such amounts are subject to the Governing Documents' offset provisions, they will be in addition to any Management Fee or carried interest paid by a Fund to the Firm.

Additionally, a Portfolio Company typically will reimburse the General Partner or service providers retained at the General Partner's discretion for expenses (including, without limitation, travel expenses) incurred by the General Partner or such service providers in connection with the performance of services for such Portfolio Company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Firm personnel. This subjects the Firm and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreements and its internal reimbursement policies and practices, the General Partner determines the amount of these reimbursements for such services in its own discretion.

In connection with its services to the Funds and their investments, the Firm, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Firm's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Gemspring and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio investment (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Firm Information**"). In many cases, Firm Information will include tools, procedures and resources developed by the Firm to organize or systematize Firm Information for ongoing or future use. Although the Firm expects its Funds and their portfolio companies generally to benefit from the Firm's possession of Firm Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio investments (or by the Firm and its personnel) and not by the Fund or portfolio investment from which the Firm Information was originally received or derived. Firm Information will be the sole intellectual property of the Firm and solely for the use of the Firm. The Firm reserves the right to use, share, license, sell or monetize Firm Information, without offsetting or otherwise reducing Management Fees, and the relevant Fund or portfolio investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such programs are expected to vary over time and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio investments, the Funds or their respective investors; no such rewards will offset or reduce Management Fees.

The Firm reserves the right to employ or engage personnel with pre-existing ownership interests in or who were employed by portfolio companies (or companies related to portfolio investments) owned by the Funds or other funds or investment vehicles advised by the Firm; conversely, former personnel or executives of the Firm are likely to serve in significant management roles at portfolio companies or service providers recommended by the Firm. Similarly, the Firm and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Firm, and/or the Fund, other funds or other investment vehicles the Firm advises. The Firm will likely have a conflict of interest with the Fund in recommending the retention or continuation of a third-party service provider to the Fund or a portfolio investment owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds the Firm advises, will provide the Firm information about markets and industries in which the Firm operates (or is contemplating operations) or will provide other services that are beneficial to the Firm. The Firm will likely have a conflict of interest in making such recommendations, in that the Firm has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds and other funds and investment vehicles that the Firm

advises, while the products or services recommended will not necessarily be the best available to the portfolio investments invested in by the Funds. For example, the Firm reserves the right to cause a Fund to make payments to deal finders or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment.

Over the life of the Funds, the Firm generally expects to exercise its discretion to recommend to the Funds or to a portfolio company thereof that it contract for services with various service providers, and such service providers are expected to include: (i) the Firm (or an affiliate, which can include other portfolio companies of the Funds or other investment funds sponsored by the Firm or an affiliate) and at rates determined or substantively influenced by the General Partner; (ii) an entity with which the Firm or its affiliates or current or former members of their personnel has a relationship or from which the Firm or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where the Firm's personnel are seconded, or from which the Firm receives secondees; or (iii) a Limited Partner (or a limited partner of another fund) or its affiliates. For example, the Firm expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects the Firm to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Firm will have an incentive to recommend the related or other person (including a limited partner) because of its financial or business interest. Additionally, there is a possibility that the Firm, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Firm, the Fund or other investment funds sponsored by the Firm), will likely favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. The Firm will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Firm generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or experience, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, the Firm expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have information advantages relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to the Firm or any Fund to provide services that will be the most beneficial to any limited partner.

In certain circumstances where the Firm commits or has committed to seek "market" or "arms-length" rates or terms, the Firm will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. The Firm reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is "arms-length." Consequently, the Firm undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, the Firm reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not the Firm has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

As a general matter, Fund expenses typically will be allocated among the Funds and all other relevant investment vehicles (including co-investment vehicles) receiving the benefit of such expenses (in the

relevant General Partner's sole discretion) and eligible to reimburse expenses of that kind. In all such cases, subject to applicable law and legal, contractual or similar restrictions, expense allocation decisions will generally be made by the General Partner or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. The allocations of such expenses will not necessarily be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining which Funds or co-invest vehicles benefit (or the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate *pro rata* based on number of Funds, capital commitments across the Funds, or the number of co-investors receiving related benefits or proportionately in accordance with asset size or in certain circumstances determining whether a particular expense has greater benefit to a Fund or the Firm. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which are likely to result in the Funds bearing different levels of expenses with respect to the same investment. Further, the Firm reserves the right to consider each relevant Fund's strategy as a component of its allocation of investment expenses, and as a general matter will not allocate expenses associated with one Fund's equity investment to a different Fund's credit investment, or *vice versa*, even if the two investments are in the same portfolio company.

In certain cases, the Firm will have the opportunity (but, subject to any applicable restrictions or procedures in the Partnership Agreements, no obligation) to identify one or more secondary transferees of interests in the Funds. In such cases, the Firm will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio investment's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring can raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined in the sole discretion of the Firm and/or its affiliates, as applicable. Because of the different legal rights associated with debt and equity of the same portfolio company, the General Partner and its affiliates are likely to face conflicts of interest in respect of the advice they give to, and the actions they take on behalf of, one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the General Partner and/or its affiliates, as applicable, are expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Firm and its affiliates are likely to be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and an Fund seeking reimbursement. In certain circumstances, Funds can be prohibited from exercising (or the General Partner and its affiliates may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other could be subject to creditor claims regarding subordination of interests. The General Partner and its affiliates intend to mitigate any potential conflicts by structuring such agreements in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Although uncommon, from time to time, the General Partner is permitted to cause the Funds to enter into a transaction whereby the Funds purchase securities or other investments from, or sells securities or other investments to, co-investors, co-investment vehicles or other Funds advised by the General Partner and its

affiliates. Such transactions will likely arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio investment owned by one Fund is acquired by a portfolio investment acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio investments owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. The General Partner and its affiliates intend that any such transaction be conducted in a manner that they believe in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although the General Partner and its affiliates generally structure the Fund and other investment vehicles to avoid circumstances in which one investment vehicle bears liability for all or part of the obligations of another investment vehicle or any of the Firm's affiliates, in certain circumstances, lenders and other market participants negotiate for the right to face only select entities, which could result in the Fund being solely liable for other investment vehicles' share of the relevant obligation and/or joint and several liability among the Fund and other investment vehicles. In such cases, the General Partner and its affiliates intend to cause the relevant other investment vehicles to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although in cases where the Funds undertake the obligation in the first instance, the Funds generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an affiliate of the Firm relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or an affiliate of the Firm, whether or not related to the Fund in which such limited partners have invested.

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

The Governing Documents provide the Firm 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 the Firm's compensation. In making such determinations, the Firm is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the Firm 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. The Firm 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, the Firm 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, the Firm 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.

The Firm'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 the Firm'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 the Firm 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 determinations.

Since the General Partner and its affiliates are permitted to retain certain Gemspring Transaction Fees or Realspring Transaction Fees in connection with Fund investments, the General Partner could have a conflict of interest in connection with approving transactions and setting such compensation. In many cases, Transaction Fees or Realspring Transaction Fees are based on enterprise value or other metrics relating to a portfolio investment, and there can be no assurance that the amount of Transaction Fees or Realspring Transaction Fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio investment. Additionally, the General Partner, its personnel, affiliates or others designated by the General Partner and its affiliates expect from time to time to receive compensation in the form of portfolio investment securities. To the extent any such securities are received, after any applicable offset provisions are applied (typically based on the then-present value of such securities), the General Partner and/or such other recipients will be permitted to retain such securities as Transaction Fees or Realspring Transaction Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the General Partner) or retain such securities for a period consistent with their own financial and investment objectives, which will likely differ from those of the Funds.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio investment is undergoing financial stress, the Firm reserves the right to accrue, defer or forego payments of Transaction Fees or Realspring Transaction Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.



The General Partner has instituted a program under which portfolio investments owned by the Funds are given the option to participate in purchasing, vendor or similar arrangements with the General Partner, its affiliates and other portfolio investments. Program participants expect to receive discounts negotiated with various vendors and service providers on a group-wide basis. Participants voluntarily participate in the program, and the General Partner allocates fees and third-party administration costs for the program to the portfolio investments. No such amounts will result in additional offsets to the Management Fee. The General Partner believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the Funds that will result if the negotiated discounts rates for goods and services are discounted due to scale or relative to those widely available in the market).

Except to the extent prohibited by the Governing Documents, the Firm and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-"assignment" provisions of the Advisers Act, the Firm and its personnel are also permitted to offer, restructure and monetize interests in the Firm.

The Firm, its affiliates, and equity holders, officers, principals and employees of the Firm and its affiliates are permitted to buy or sell securities or other instruments that the Firm has recommended to a Fund. Such transactions are subject to the policies and procedures set forth in the Firm's Code of Ethics. Employees and related persons of the Firm have, and are expected to continue to have, capital investments in or alongside the Funds, or in prospective portfolio investments directly or indirectly, and therefore will likely have additional conflicting interests in connection with these investments. Certain Firm equity holders, officers, principals and employees also manage and invest in funds and/or may sponsor SPACS with investment strategies that do not directly conflict with the Funds. The time commitment of Firm employees to those investment strategies is made in accordance with the limitations specified in the Funds' Governing Documents. The Firm provides certain resources to those funds and/or SPACS and no costs for those resources are allocated to the Funds.

Because certain expenses are paid for by a Fund and/or its portfolio investments or, if incurred by the Firm, are reimbursed by a Fund and/or its portfolio investments, the Firm will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investments to incur) such expenses. In addition, as described above, portfolio investments (and, to a lesser extent, the Funds) typically pay certain fees to Executive Advisors and other consultants (including consultants introduced or arranged by the General Partners and/or their affiliates that regularly provide services to one or more portfolio investments), and such amounts do not offset the Management Fee as described herein. Executive Advisors generally make use of the Firm's resources or otherwise are associated with the Firm, including meeting management teams, working on sourcing and diligence, and as investors of the Funds. Executive Advisors are expected from time to time to include former employees of the Firm or certain portfolio companies, and in some circumstances former Executive Advisors are expected to become Firm employees or employees of portfolio companies. Consequently, the determination of whether individuals are Executive Advisors is expected to vary and/or be revisited from time to time. Executive Advisors also are permitted to have an investor interest in a General Partner, receive remuneration from the Firm as compensation or as reimbursement for work related to portfolio investments, and be entitled to other forms of compensation. Executive Advisors Group members generally receive compensation, including, but not limited to consulting fees, transaction fees, a profits, participation or equity interest in a Portfolio Company or holding company, profits or equity interests in one or more Funds or the General Partners, stock awards, incentive-based compensation, discretionary bonuses (whether or not based on pre-determined milestones) or other compensation, which typically will be determined by the General Partners. Such compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged

by other providers for comparable services and/or a percentage of cash flows from such company. To the extent that Executive Advisors Group members are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Executive Advisors Group member's services at a time when fewer portfolio companies or Funds make use of such Executive Advisors Group member. Under many of these arrangements, including where Executive Advisors are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount of tangible work product generated by the Executive Advisors Group member. Executive Advisors Group members who hold a board seat at a Portfolio Company also would be expected to receive compensation for their board service. Any such compensation received by an Executive Advisors Group member is expected to be paid and/or reimbursed by a Portfolio Company or prospective Portfolio Company or directly by a Fund, and no such amounts will result in offsets to the Management Fee of any Fund as described herein. Certain Executive Advisors are expected to invest in the Funds on a no Management Fee, no carried interest basis. Additionally, Portfolio Companies are likely to provide opportunities for Executive Advisors to work full time, provide opportunities to invest in such Portfolio Company, and reimburse costs and expenses incurred by Executive Advisors. Such investment opportunities, reimbursements and other compensation paid to an Executive Advisor will not result in offsets to the Management Fee of any Fund as described herein.

Although the use of Executive Advisors and the allocation of compensation paid to them by Portfolio Companies and/or Gemspring and its affiliates subjects Gemspring and/or its affiliates to potential conflicts of interest, Gemspring believes that such potential conflicts are generally appropriate in light of the anticipated cost savings to Portfolio Companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Executive Advisor is lower than market rates for the services provided and/or if the services of the Executive Advisor align with the Firm's model for the Portfolio Company and improve Portfolio Company performance. Although the Firm seeks to retain Executive Advisors with a view to reducing costs to Portfolio Companies (and, ultimately, the Funds) and/or improving Portfolio Company performance, a number of factors are likely to result in limited or no cost savings from such retention.

The Firm and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of the Firm's compensation, information rights, co-investment rights, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic procedural and other terms, many of which will not be subject to the "most-favored nation" provisions of a Fund's Governing Documents).

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

partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund, subject to applicable laws.

Although the Firm believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, the Firm will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by the Firm 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 the Firm's insurance coverage are higher or lower than that set forth in the Governing Documents.

The Firm has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as the Firm has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. The Firm, its affiliates and personnel and persons selected by them are expected to receive the benefit of "friends and family" and similar discounts from portfolio investments owned by the Funds under which such portfolio investments make their goods and/or services available at reduced rates. Because many of these portfolio investments offer such discounts to customers other than the Firm and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, the Firm believes that the potential for conflicts of interest relating to such discounts is mitigated. The Firm, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered by a portfolio company to the Firm, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

Any of these situations subjects the Firm and/or any of its affiliates to potential conflicts of interest. The Firm attempts to resolve such conflicts of interest in light of its obligations to the Funds and the obligations owed by the Firm to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, the Firm will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Firm consults and receives consent to conflicts from an advisory board consisting of investors of the relevant Fund(s) and such other investment vehicles.

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***Item 9: Disciplinary Information***

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The Firm and its supervised persons have no reportable disciplinary events to disclose.

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***Item 10: Other Financial Industry Activities and Affiliations***

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**Item 10.A.**

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

**Item 10.B.**

Neither Gemspring nor any of its management persons are registered or have an application pending to register with the National Futures Association.

**Item 10.C.**

Certain of Gemspring's affiliates, including the General Partners and Realspring, serve as general partner, manager, managing member or investment manager with respect to one or more of the Funds or co investment vehicles. While Gemspring, Realspring, the General Partners and these affiliates have been organized as separate legal entities, they collectively conduct a single investment advisory business and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. Accordingly, each of these affiliates relies and/or will rely on Gemspring's investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act in accordance with SEC guidance. These entities will be subject to Gemspring's compliance policies and procedures.

Bradley Coleman, the Managing Partner of Realspring, is a control person of the general partner and an investor in several unaffiliated pooled investment vehicles, SPACS and real estate-related businesses, some of which co-invest and/or have business relationships with the Funds. In particular, Mr. Coleman is the general partner of a SPAC that co-invested with Realspring in a real estate investment and earns compensation from that SPAC. Mr. Coleman is also a board member and co-investor in a Fund I Portfolio Company and receives compensation from that Portfolio Company. Mr. Coleman is also an officer and owner of a real estate development firm, a general contracting company and a property management business and is a minority owner of a hedge fund sponsor that invests predominantly in publicly traded securities.

Each of these relationships creates potential conflicts of interest, however, the Firm believes that any potential conflicts of interest resulting from the SPAC co-investment and the Fund I Portfolio Company co-investment are mitigated by Mr. Coleman's financial investment and involvement in those transactions. With respect to potential conflicts of interest resulting from Mr. Coleman's other activities, the Firm seeks to mitigate potential conflicts of interest by providing Mr. Coleman only with information relating to Realspring activities and the single Fund I Portfolio Company for which Mr. Coleman is a board member. Mr. Coleman does not otherwise participate in any Gemspring investment meetings and is not provided with information about any other Gemspring Portfolio Companies. Mr. Coleman does not have access to Gemspring's online files or emails, which is separated from Realspring's online files or emails. Mr. Coleman is also subject to the Firm's compliance program and Code of Ethics. The Firm will continue to monitor and seek to mitigate potential conflicts of interest between the Firm and Mr. Coleman (and entities controlled by him).

**Item 10.D.**

The Firm does not recommend or select other investment advisers for the Funds.

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

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### **Item 11.A.**

Employees of the Firm may only purchase and sell securities in accordance with the Firm's Code of Ethics to which all employees are subject. This policy is monitored by the Chief Compliance Officer.

Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following points:

- A statement of the standard of business conduct,
- Limits and/or restrictions on gifts and entertainment,
- Policy regarding employees purchasing or selling, directly or indirectly, existing or contemplated securities for the Funds' investment portfolio, and any security for which the Employee may have received material non-public information,
- All employees are required to pre-clear the purchase and sale of certain types of securities through the Chief Compliance Officer for personal accounts,
- A policy limiting, and requiring reporting of, political contributions,
- A policy regarding the use of social media,
- Additionally, employees are subject to reporting requirements regarding personal holdings,
- Employees must acknowledge in writing having received and read a copy of the Code of Ethics and
- Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of the Firm's Code of Ethics is available to investors and prospective investors upon request.

### **Item 11.B through Item 11.D.**

The Firm, as a fiduciary, endeavors to always make decisions in the best interest of the advisory clients if a conflict of interest arises. The Firm, its affiliates, and equity holders, officers, principals and employees of the Firm may buy or sell securities or other instruments that the Firm has recommended to a Fund. In addition, officers, principals and employees reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in or reimburse the relevant Fund for due diligence or other expenses (including broken deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Such transactions are subject to the policies and procedures set forth in the Firm's Code of Ethics. Gemspring personnel will be required to pre-clear outside business activities with the Chief Compliance Officer. All personnel are required to complete an annual attestation of outside business activities to the Chief Compliance Officer.

Principals and employees of the Firm generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles or co-investments in portfolio investments. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio investments as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of the Firm, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular portfolio investment or through an intermediate entity in a portfolio investment's structure. Such co-investment opportunities generally will be allocated in the manner described under "Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss."

The Firm and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities

to vehicles, which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. Certain Firm equity holders, officers, principals and employees also manage and invest in funds and/or may sponsor SPACS with investment strategies that do not directly conflict with the Funds. The time commitment of Firm employees to those investment strategies is made in accordance with the limitations specified in the Funds' Governing Documents. The Firm provides certain resources to those funds and/or SPACS and no costs for those resources are allocated to the Funds. See "Conflicts of Interest" above for more information.

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***Item 12: Brokerage Practices***

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Each Gemspring Fund's investment objective is to generally hold securities in privately held companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Firm reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. In the event Gemspring decides to purchase or sell publicly traded securities, a broker-dealer will be retained.

In private company securities transactions on behalf of the Funds, the Firm may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio investments. In determining to retain such parties, the Firm may consider a variety of factors, including, but not limited to: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Firm generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

The Firm has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Firm generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Firm seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Firm generally does not make use of such services at the current time and has not made use of such services since its inception.

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***Item 13: Review of Accounts***

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**Item 13.A. and 13.B.**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of investments. However, in conjunction with the management and outside directors of each Portfolio Company, Gemspring conducts a systematic review of a company's market, competition and approach throughout the course of its ownership and believes in regularly challenging and testing the assumptions driving the strategy of the business.

**Item 13.C.**

Investors in the Funds will typically receive (i) audited financial statements annually commencing with the first year in which it makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each investor's U.S. tax returns, and (iv)

descriptive investment information for each portfolio investment annually. In addition to the information provided to all investors, the Firm provides certain investors with additional information or more frequent reports that other investors will not receive.

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***Item 14: Client Referrals and Other Compensation***

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**Item 14.A.**

The Firm intends to provide certain business or consulting services to companies in a Fund's portfolio and expects to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation in many cases will offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio investment), these fees may be in addition to Management Fees. See "Fees and Compensation" for more information.

**Item 14.B.**

The Firm reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund's Form D. Any fees payable to any such placement agents generally will be borne by the Firm, either indirectly through an offset against the Management Fee or otherwise, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

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***Item 15: Custody***

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The Firm generally expects that it will be deemed to have "custody" (within the meaning of Advisers Act Rule 206(4)-2 (the "**Custody Rule**")) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the unaffiliated qualified custodians.

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***Item 16: Investment Discretion***

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The General Partner of a Fund has full discretion to manage such Fund. This authority is granted pursuant to such Fund's Partnership Agreement. Individual investors become parties to such Partnership Agreement by signing a subscription agreement that is accepted by the applicable General Partner. As a general policy, the Firm does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreements, however, the General Partner and/or its affiliates have in the past, and may in the future, enter into Side Letters with certain investors whereby the terms applicable to such investor's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

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***Item 17: Voting Client Securities***

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The Firm has adopted the proxy voting policies and procedures set forth in its Compliance Manual. Under the firm's proxy voting policy, the Firm will generally vote proxies in accordance with the recommendation of the issuing company's management on routine and administrative matters unless the Firm has a particular reason to vote to the contrary. Non-routine matters will be voted on a case-by-case basis in a manner that serves the clients' best interest. Under certain circumstances, we may abstain from voting specific proxies if we believe that doing so is in the best interests of our clients. Furthermore, under our proxy voting policy, we may not vote proxies issued by companies if our clients no longer have any economic exposure to the issuer.

In the event that there is or may be a conflict of interest in voting proxies, the proxy policy provides that the Firm may address the conflict using several alternatives or through other alternatives set forth in the proxy policy. Additionally, a Fund's advisory board may approve the Firm's vote in a particular solicitation. The Firm does not consider service on portfolio investment boards by Firm personnel or the Firm's receipt of management or other fees from portfolio investments to create a material conflict of interest in voting proxies with respect to such companies. If you would like a copy of the Firm's proxy policy or information regarding how the Firm voted proxies for particular portfolio investments, please contact Andrew Lerner, the Firm's Chief Compliance Officer, at (203) 408-2851, and it will be provided to you at no charge.

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***Item 18: Financial Information***

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**Item 18A.**

The Firm does not require prepayment of Management Fees more than six months in advance.

**Item 18B.**

Currently, the Firm and its affiliates are not aware of any financial condition that is likely to impair the Firm's ability to meet its contractual obligations and commitments to clients.

**Item 18C.**

The Firm was not the subject of a bankruptcy petition at any time during the past ten years.