

**INVESTMENT ADVISER BROCHURE**

**SHOREHILL CAPITAL LLC**

**10 S. Wacker Drive, Suite 3300  
Chicago, IL 60606  
(312) 876-7267  
<https://www.shorehillcapital.com>**

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Shorehill Capital LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (312) 876-7267. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

Additional information regarding the Management Company is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

The Management Company filed its most recent Form ADV Part 2 in March 2023. This annual amendment includes updates relating to the Management Company's assets under management, as well as the description of the business practices of the Management Company and its affiliates, including, but not limited to, updates to the Funds (as defined herein) managed by Shorehill Capital (as defined herein), and additional information regarding investment risks and conflicts of interest.

## ADVISORY BUSINESS

Shorehill Capital LLC, a Delaware limited liability company, is a private investment management firm, including general partner entities and other affiliated organizations (collectively, "**Shorehill Capital**"), that manages approximately \$474 million in private fund assets. Shorehill Capital commenced operations in 2014.

Shorehill Capital LLC is a private equity management company and a registered investment adviser. Shorehill Capital LLC is the ultimate sponsor of the following general partner entities:

- Shorehill Management LP
- Shorehill Management II LP

(each, a "**General Partner**" and, together with any future affiliated general partner entities, the "**General Partners**" and, together with Shorehill Capital and its affiliated entities, the "**Advisers**").

In its capacity as the primary control and advisory entity of the firm, Shorehill Capital has the authority to manage the business and affairs of the General Partners and, through the General Partners, the Funds. References in this Brochure to the advisory services of "Shorehill Capital" mean advisory services of Shorehill Capital LLC as provided through the General Partners, as the case may be. Each General Partner is subject to the Advisers Act pursuant to Shorehill Capital's registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Shorehill Capital.

The Advisers' clients include (each, a "**Fund**" and, together with any future private investment fund to which Shorehill Capital and/or its affiliates provide investment advisory services, the "**Funds**"):

- Shorehill Private Equity LP ("**Fund I**")
- Shorehill Private Equity II LP ("**Fund II**")

The Funds are private equity funds and invest primarily through negotiated transactions in operating entities, generally referred to herein as "**portfolio companies**." Shorehill Capital's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. Where such investments consist of portfolio companies, the senior principals, or other personnel of Shorehill Capital 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.

Shorehill Capital's advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**"), limited partnership or other operating agreements of the Funds (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." Investors in the Funds (generally referred to herein as "investors" 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; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Shorehill Capital and any investor. The Funds or the General Partners have entered into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights 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 Governing Documents, Shorehill Capital expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, lenders, finders, consultants and other service providers, portfolio company management or personnel, Shorehill Capital personnel and/or certain other persons associated with Shorehill Capital and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company 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) often purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (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 investment 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 Shorehill Capital's sole discretion, Shorehill Capital 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 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.

Shorehill Capital is ultimately controlled by David O. Hawkins and Brian P. Simmons.

## **FEES AND COMPENSATION**

In general, Shorehill Capital receives a Management Fee (as defined below) and a carried interest in connection with the provision of advisory services to its clients. The General Partners or other Shorehill Capital entities or affiliates receive additional compensation, including transactional consulting compensation and monitoring fees, in connection with management and other services performed for portfolio companies of the Funds and all or a portion of such additional compensation will offset in whole or in part the Management Fees otherwise payable to Shorehill Capital to the extent provided by the Governing Documents. Investors in a Fund also bear certain expenses.

## Management Fees

During its investment period, a Fund will pay its General Partner an annual management fee (the “**Management Fee**”), payable quarterly in advance, equal to 2.0% of aggregate investor capital commitments (“**Commitments**”) held by partners not designated as “affiliated partners” by the relevant General Partner, as more fully described in the Governing Documents. Upon a date specified in the Governing Documents (the “**Stepdown Date**”), the Management Fee, as applicable, has been or will be reduced and equals or will equal 1.75 - 2.0% of (a) the aggregate investment contributions, as reduced by (b) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or completely written-off for U.S. federal income tax purposes. As a general matter, the Management Fee will be payable during term extensions unless otherwise agreed with investors.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally 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 relevant Fund relating to the Fund’s aggregate investment(s) in its portfolio companies that have been disposed of or completely written-off for U.S. federal income tax purposes.

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 write-down, decrease (including a significant decrease) in fair 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 completely written-off for U.S. federal income tax purposes.

As a result, and as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations 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 write downs (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, 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 set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

In accordance with the Governing Documents, after payment of any amounts necessary to reimburse the relevant General Partner for all unreimbursed due diligence, legal and other third-party costs and expenses incurred in connection with consummated or unconsummated transactions, the Management Fee payable by a Fund for each year generally will be reduced by (i) in the case of Fund I, 50% and (ii) in the case of Fund II, 80% of its non-affiliated partners' *pro rata* share of the Fund's *pro rata* share of all transaction fees (including closing fees, investment banking fees, placement fees, monitoring fees, commitment fees, break-up fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, directors' fees and other similar fees (collectively, "**Portfolio Fees**")) received by the General Partner or any personnel thereof. In the case of Fund I, the Management Fee will be reduced pursuant to the foregoing until such reduction amount equals for a given year the greater of (x) the dollar amount equal to the product of 0.875% and the book value of all portfolio companies that have not been disposed of by Fund I as of the start of such Management Fee year, as reflected in Fund I's financial statements, and (y) \$2 million, and will be reduced by 100% of its nonaffiliated partners' *pro rata* share of Fund I's *pro rata* share of such Portfolio Fees thereafter.

### **Carried Interest**

Each General Partner will be entitled to receive a carried interest with respect to the Fund it advises equal to 20% of all realized profits in excess of a preferred return of 8%, as more fully described in the Governing Documents. A co-investment fund (a "**Co-Invest Fund**"), if established, is not expected to be subject to carried interest. Carried interest distributed to the relevant General Partner is subject to a potential clawback or giveback at the end of the life of the relevant Fund if Shorehill Capital has received excess cumulative distributions.

### **Other Information**

Each General Partner reserves the right to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including investors affiliated with Shorehill Capital, and does not itself pay Management Fees. For instance, Fund II limited partners participating in such Fund's first closing received a Management Fee discount, with such limited partners paying a Management Fee equal to 1.75% for the three years following Fund II's initial closing date. The relevant General Partner reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by Shorehill Capital and/or its affiliates or through other Funds which co-invest with a Fund. For example, in instances where a Shorehill Capital 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 the Fund. Additionally, to the extent permitted by the Governing Documents, Shorehill Capital has the right to permit investors, affiliated with Shorehill Capital or otherwise, to invest through the relevant General Partner or other vehicles that do not bear

Management Fees and/or carried interest. Similarly, the each General Partner is generally expected to exempt any Co-Invest Fund from paying its share of broken deal expenses.

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

Principals or other current or former personnel of Shorehill Capital generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the General Partners or their affiliates.

In addition to the Management Fee and carried interest payable to Shorehill Capital, 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 relevant Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Management Fees, including: (i) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, diligencing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating or otherwise disposing of, as applicable, portfolio companies and a Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence, software and service providers, consultants and similar professionals, including Operating Partners, in connection therewith 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; (ii) indebtedness of, or guarantees made by, a Fund, the relevant General Partner or any "affiliated partner" on behalf of a Fund (including any credit facility, letter of credit or similar credit support), including repayment of principal and interest and fees with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account, registered office and similar services; (vi) legal, accounting, third-party due diligence research, auditing, administration (including fees and expenses associated with a Fund's third-party administrator and administration, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, software, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to Operating Partners, consultants performing investment initiatives and other similar consultants), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) directors and officers liability, errors and omissions liability, crime coverage, fidelity bond, cyber and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing and communications to the limited partners; (xi) the preparation, printing, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s or any other administrative, compliance or regulatory filings or reports (including Form PF), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) compliance with

any tax or financial account reporting regime, including the U.S. Foreign Account Tax Compliance Act, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or the limited partners; (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data; (xv) to the extent provided in the Governing Documents, or otherwise approved by the relevant General Partner in its sole discretion, activities or proceedings of the limited partner committee (including any reasonable out-of-pocket costs and expenses incurred by representatives of the relevant General Partner, the limited partner committee members, permitted observers and other persons in attending or otherwise participating in meetings of the limited partner committee); (xvi) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents 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 Governing Documents), except as otherwise set forth in the Governing Documents; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xviii) any annual limited partner meeting or other periodic, if any, meetings of the limited partners and any other conference, meeting, webcast or other video conference with any limited partner(s) (including travel), to the extent incurred by a Fund, the relevant General Partner or any other affiliate of such General Partner; (xix) the management fee; (xx) except as otherwise determined by the relevant General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with a Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to a Fund to the extent not paid by the investors investing in such entities, and any other costs and expenses related to any restructuring of a Fund or any alternative investment vehicle; (xxi) the termination, liquidation, winding up or dissolution of a Fund; (xxii) defaults by partners in the payment of any capital contributions; (xxiii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, any parallel fund and any alternative investment vehicle of a Fund or any parallel fund, including the preparation, distribution and implementation thereof; (xxiv)(A) complying with any law, regulation or policy related to the activities of a Fund (including regulatory expenses of the relevant General Partner incurred in connection with the operation of a Fund and legal fees and expenses) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving a Fund, including 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 Governing Documents; (xxv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of limited partner interests; (xxvi) any taxes, fees and other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of a Fund (except to the extent that a Fund is reimbursed therefor by a reimbursing partner) and any costs of or related to the “partnership representative” of a Fund, provided that nothing in this clause (xxvi) shall affect the treatment of any such amount pursuant to the Governing Documents; (xxvii) distributions to the partners and other expenses associated with the acquisition, holding and



disposition of a Fund's investments, including extraordinary expenses; (xxviii) compliance or regulatory matters related to a Fund, except as otherwise set forth in the Governing Documents; (xxix) any travel relating to any of the foregoing (including airfare, meals and lodging), including in connection with consummated and unconsummated investment, restructuring and disposition opportunities; (xxx) any organizational expenses as defined in the Governing Documents; (xxxi) any private placement or finders' fees paid by a Fund to third parties in connection with the organization or funding of a Fund and/or any parallel fund; and (xxxii) any other fees, costs, expenses, liabilities or obligations approved by the limited partner committee. A Fund generally also will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to a Fund's strategy, including in Side Letters relating thereto.

Additionally, the indemnification terms of the Governing Documents generally require each Fund to broadly indemnify the General Partners, Shorehill Capital and its employees and affiliates thereof for certain expenses incurred by the relevant General Partner, Shorehill Capital and its employees and affiliates. These indemnification payments are expected to be for legal defense costs and costs related to the indemnification of service providers who have performed services on behalf of a Fund. The costs of these indemnification payments are charged to the relevant Fund and have the potential to be significant. Any Co-invest Fund is not expected to be subject to such indemnification requirements and related costs.

At times, service providers are expected to perform services pertaining to multiple Funds or related entities. In such instances, Shorehill Capital will allocate the total expense to multiple entities, including the Funds, using what it believes to be a fair and equitable allocation methodology. Under certain circumstances, brokerage fees will be incurred in accordance with the practices set forth in "Brokerage Practices." The General Partner generally expects to exempt any Co-Invest Fund from paying such fees and expenses.

As described above, in certain circumstances, the General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Shorehill Capital's related policies and practices and the Governing Documents and/or Side Letters. If 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 relevant General Partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction generally will 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, where permitted by such vehicle's governing documents. Each General Partner reserves the right to enter into an agreement with such co-investors to share any broken deal expenses and/or related amounts in connection with such transaction.

As described more fully in the Governing Documents, certain affiliates or personnel of Shorehill Capital are authorized to provide services to (or with respect to) certain portfolio companies in which a Fund invests. In connection with such services, such affiliates or personnel are expected to receive transaction fees and other compensation from such portfolio companies or the relevant Fund, and such portfolio companies under certain circumstances will be required to reimburse Shorehill Capital for out-of-pocket expenses incurred by such affiliates or personnel. The

amount of such transaction fees, other compensation and out-of-pocket expense reimbursements are expected to be significant. Shorehill Capital and/or its affiliates generally have discretion over whether to charge transaction fees to a portfolio company and, if so, the fee rate or amount. The receipt of Portfolio Fees is expected to give rise to potential conflicts of interest between a Fund, on the one hand, and Shorehill Capital and/or its affiliates, on the other hand.

## **Operating Partners**

Additionally, as further described herein and in the Governing Documents, Shorehill Capital expects to retain certain operating partners or executive advisors (together, “**Operating Partners**”) (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Operating Partners generally are expected to 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. Operating Partners receive compensation, including, but not limited to, cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transaction fees, a profits, participation or equity interest in a portfolio company or holding company, incentive equity and stock awards, profits, remuneration from Shorehill Capital and/or the Funds or affiliates or other compensation, the amount of which typically is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such Operating Partners, 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 or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant 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 Operating Partner compensation as well as fees, costs and expenses of structuring Operating Partner arrangements. Operating Partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. Operating Partners who join Shorehill Capital’s Executive Advisor Program do not pay management fees or carried interest on their first \$500,000 of commitment in a Shorehill Capital fund. The use of Operating Partners subjects Shorehill Capital to potential conflicts of interest, as discussed under “Methods of Analysis, Investment Strategies and Risk of Loss — Conflicts of Interest,” below.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Advisory Business — Fees and Compensation,” the relevant General Partner generally receives a carried interest allocation on certain realized profits in the relevant Fund. Shorehill Capital also expects to manage accounts that are not charged a performance-based fee. This practice presents a potential conflict of interest because Shorehill Capital has an incentive to favor accounts for which it receives a performance-based fee. Shorehill Capital will address this potential conflict of interest by ensuring that any Co-Invest Fund, which is not charged performance-based fees, invests in parallel with the relevant Fund (to the extent permitted by the respective governing documents) in order to reduce Shorehill Capital’s potential incentive to make investments in a vehicle that would generate performance-fees.

## TYPES OF CLIENTS

Shorehill Capital provides investment advice solely to its clients, and references throughout this Brochure to “clients” and to Shorehill Capital’s related duties 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 Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder. The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, 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 personnel of Shorehill Capital and its affiliates and members of their families, or other service providers retained by Shorehill Capital or a Fund, as well as executives of portfolio companies.

Fund I generally has a minimum investment amount of \$50,000 and Fund II generally has a minimum investment amount of \$500,000, and each Fund’s interests have been offered and sold solely to accredited investors or qualified purchasers (or qualified knowledgeable Shorehill Capital personnel). Shorehill Capital generally is permitted to waive such minimum investment amount.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Shorehill Capital seeks to focus its investment activity primarily on making control-equity investments in manufacturing, industrial service, and distribution companies.

*Strategy & Process.* The Shorehill Capital strategy and process is intended to identify attractive investment opportunities in companies participating in the industrial sector that manufacture engineered products, provide business-to-business industrial services or engage in value-added distribution (“**Target Sectors**”), confirm key investment selection criteria, design and implement investment management plans, position companies for exit, and achieve attractive returns. These business practices have been developed and refined throughout the co-founders’ careers to increase investment selectivity and enable value creation through specific investment management initiatives. Shorehill Capital believes that the depth of its approach is unique among middle market private equity investment firms, representing the best way to complete attractive investments and add value to portfolio companies while minimizing risk and generating superior returns on a consistent basis.

*Proactive Investment Sourcing.* Shorehill Capital believes that targeting companies with enterprise values ranging from \$20 million to \$150 million (“**Preferred Company Size**”) within its narrow focus in its Target Sectors will result in the most effective use of Shorehill Capital’s investment experience. This experience supports proprietary research and proactive outreach to target sector businesses and their owners. Typically, a variety of investment origination efforts are implemented by Shorehill Capital to develop industry research and manage relationships with key industry contacts including executives, intermediaries, and advisors.

*Investment Selection.* Shorehill Capital will primarily consider platform investments in companies operating in Target Sectors at the Preferred Company Size generally based or having significant operations in North America. Shorehill Capital believes that potential for value creation at portfolio companies will result from four principal factors: earnings growth, repayment of

acquisition debt, increased cash-flow, and the achievement of multiple expansion. Shorehill Capital typically considers each of these factors during due diligence and investment evaluation and incorporates conclusions into detailed investment management plans.

*Company Dynamics.* Shorehill Capital expects to evaluate various company dynamics to determine the earnings growth and investment management potential of each prospective investment. Shorehill Capital will typically seek to identify companies with differentiated profit margins and demonstrated pricing power because these characteristics may be indicators of sustainable market positions leading to long-term success. Shorehill Capital will seek to invest a Fund's capital in companies with multiple opportunities for growth, including the potential for expansion of geographic markets served, expanded product and service offerings, market share gains, and add-on acquisitions.

*Active Investment Management.* Shorehill Capital believes that active investment management using a company-specific resource plan can result in accelerated earnings growth, better risk management, and superior investment performance.

*Human Capital.* Human capital initiatives are expected to improve the overall quality and effectiveness of management teams, leading to improved portfolio company performance. Shorehill Capital intends to recruit talented executives to complement and strengthen the management team and boards of directors at each portfolio company.

*Strategic Growth.* Strategic growth initiatives are designed to increase the rate of a company's revenue and earnings growth. Shorehill Capital expects to work closely with management teams and third-party advisors to direct initiatives designed to generate organic growth from new product development, product line extensions, expansion of service offerings, domestic market share gains, and international growth.

*Capital Markets and Exit.* Shorehill Capital has established relationships with numerous investment banks and other financial institutions and intermediaries that can be called upon to assist each portfolio company in gaining access to capital markets. Shorehill Capital will typically consider exit alternatives during its evaluation of prospective investments and reserves the right to pursue a multi-track process in an effort to maximize exit value.

## **Risks of Investment**

Each Fund and its investors bear the risk of loss that Shorehill Capital's investment strategy entails, as further set forth in the Memorandum. There can be no assurance that Shorehill Capital or the General Partners will achieve the investment objectives of the Funds and a loss of investment may be possible. The risks involved with Shorehill Capital's investment strategy and an investment in the Funds include, but are not limited to:

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

*Future and Past Performance.* The performance of Shorehill Capital's prior investments is not necessarily indicative of a Fund's future results. While the relevant General Partner intends for a Fund to make investments that have returns commensurate with the risks undertaken, there can be

no assurances that any such performance will be achieved. On any given investment, loss of principal is possible.

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

*Concentration of Investments.* Each Fund is expected to participate in a limited number of investments and is authorized to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or such industry generally may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the Commitments of the limited partners are invested (or drawn down to be invested), the limited partners typically are required to pay annual Management Fees through such Fund until the Stepdown Date based on the entire amount of the limited partners' Commitments to such Fund 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 through the investment strategy and methods described herein, the relevant General Partner reserves the right to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. A General Partner also reserves the right to pursue investments outside of the industries and sectors in which Shorehill Capital has previously made investments or has internal operational experience.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* The SEC has proposed and enacted significant rules that will impact the business of Shorehill Capital 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 Shorehill Capital 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 a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete

disposition of an investment. While each General Partner is authorized to sell an investment 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 a Fund (including any Management Fee payable to a General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded Commitments.

*Leveraged Investments.* A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance all or a portion of certain investments, whether on a temporary or long-term basis. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. See also "Uncertain Economic and Political Environment" below. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Additionally, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, a Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where a Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that will not necessarily be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be subject to limitations set forth in the 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 entities managed by Shorehill Capital or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible

that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that a Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

*Subscription Lines.* The Funds currently do not use subscription lines, but Shorehill Capital reserves the right use a subscription line in the future in accordance with the Governing Documents. 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 such 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 relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a 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 the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the relevant 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 such 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 a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. Each 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 company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a 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 relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Shorehill Capital for expenses incurred on behalf of the relevant Fund. A 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 a Fund ultimately is 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).

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

*Reliance on the General Partners and Portfolio Company Management.* Control over the operation of a Fund is typically vested entirely with the relevant General Partner, and a Fund's profitability depends largely upon the business and investment acumen of the principals of the relevant General Partner. The loss or reduction of service of one or more of the principals could have an adverse impact on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and, as a result, the investment performance of such Fund will depend entirely on the actions of the relevant General Partner. Although the relevant General Partner will monitor the performance of the relevant Fund's investments, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although a Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management of such companies will be able or willing to successfully operate a company in accordance with such Fund's objectives.

*Environmental, Social and Governance ("ESG") Matters.* Shorehill Capital maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. Applying ESG factors to investment decisions is subjective by nature, and Shorehill Capital 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 Shorehill Capital, or any judgment exercised by Shorehill Capital, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. In addition, Shorehill Capital's ESG policy and associated ESG practices are expected to evolve over time. Although Shorehill Capital views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Shorehill Capital cannot guarantee that its ESG program will positively impact the performance of any individual investment or a 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 investment. In addition, in evaluating an investment, Shorehill Capital 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 Shorehill Capital to incorrectly assess a company's ESG

practices and/or related risks and opportunities. Shorehill Capital 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. Shorehill Capital's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding how asset managers identify and manage financially material ESG risks, as well as how they define and measure ESG performance. At the same time, anti-ESG sentiment has also gained momentum across the U.S., with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions. the definition, measurement and disclosure of ESG factors. Shorehill Capital and its ESG policy and associated ESG practices could become subject to additional regulation, regulatory scrutiny, penalties or enforcement in the future, and Shorehill Capital 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.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Shorehill Capital 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.

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

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

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices, and requirements comparable to those that apply to U.S. companies.

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

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, makes a minority investment or is subject to restrictions or other terms imposed by lenders, the relevant portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the relevant Fund or its limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and such Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

*Limited Access to Information.* Limited partners' rights to information regarding a Fund, the relevant General Partner or Shorehill Capital generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partners and their 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 Shorehill Capital's control. Decisions by Shorehill Capital 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 Shorehill Capital and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's limited partner committee generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Shorehill Capital reserves the right to withhold certain information from investors subject to such laws for reasons relating to Shorehill Capital's public reputation, business strategy or other reasons.

*Sanctioned Investors.* If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC

or equivalent non-U.S. authorities) (a “**Sanctions List**”), the relevant General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a “freeze” on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund’s activities, could materially and adversely affect the Fund.

*Director Liability.* The Funds often obtain the right to appoint one or more representatives to the boards of directors of the portfolio companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund’s representatives, and ultimately such Fund, to potential liability. Although portfolio companies often have insurance to protect directors and officers from such liability, such insurance may not be obtained by all portfolio companies and may be insufficient if obtained.

*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 or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. Furthermore, such uncertainty may be compounded by local, regional or global health crises, including, but not limited to, the rapid and/or pandemic spread of novel viruses (e.g., SARS, MERS, Coronavirus and/or other similar epidemics). Such health crises could exacerbate the political, social and economic risks previously mentioned, and result in significant breakdowns, delays and other disruptions to important global, local and regional supply chains, with potential corresponding results on the operating performance of affected portfolio companies. 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 a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Fund and result in longer holding periods for investments.

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

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

constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners and Shorehill Capital 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.

*Market Conditions.* A Fund's performance can be affected by deterioration in public markets and by market events, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. Holding periods of investments are also likely to be longer in times when market conditions for initial public offerings and mergers and acquisitions activity are less favorable. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of a credit crisis may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

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

*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, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (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, Shorehill Capital, the Funds and/or their 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, or 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 connect 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 Shorehill Capital to manage the Funds and their investments, and on the ability of Shorehill Capital, 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 a 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 Shorehill Capital 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 Shorehill Capital 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 Shorehill Capital 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 Shorehill Capital 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 Shorehill Capital seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Shorehill Capital 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.

*Material, Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of Shorehill Capital and its affiliates, as well as in connection with officerships or directorships of Shorehill Capital personnel, Shorehill Capital frequently comes into possession of confidential or material, non-public information. Shorehill Capital and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund which could cause a Fund to 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 Shorehill Capital's internal policies and practices.

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

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

*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 portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although Shorehill Capital intends to manage each Fund's 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 such Fund owns an 80% or greater interest in such portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were 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 such Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Investments.* Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting

principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

*Bridge Financings.* As set forth in the Governing Documents, each Fund reserves the right to provide interim financing to a portfolio company, including in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication or where such portfolio company has an identified short-term financing need. Such bridge loans are permitted to be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding and be treated as a permanent investment in such portfolio company. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under such Fund's investment limitations. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by a Fund.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company, Fund, General Partner, Shorehill Capital 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, Shorehill Capital, the General Partners, the Funds and/or portfolio companies 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 Shorehill Capital's, the General Partners', the Funds', portfolio companies' 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 company, or the relevant Fund, 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 companies 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 Shorehill Capital or one of its service



providers holding its financial or investor data, Shorehill Capital, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Shorehill Capital's policies and practices.

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "**Privacy Laws**") could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of Shorehill Capital, 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 Shorehill Capital, 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 Shorehill Capital, the General Partners, the Funds and/or their portfolio companies.

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

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the relevant 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 ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any

carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with the Funds, the General Partners or Shorehill Capital 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 Shorehill Capital 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**"), such 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 Shorehill Capital 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 Shorehill Capital 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 Shorehill Capital 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 Shorehill Capital and its affiliates), often on different terms than their original investment in the Fund. However, 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 companies; and/or a delay in the full liquidation of the Fund's investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of Shorehill Capital or any buyer group that typically are not applicable to

more traditional investment sales. For example, in circumstances where Shorehill Capital 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, Shorehill Capital, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent Shorehill Capital requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Shorehill Capital in addition to the purchase amount paid in a transaction (including commitments to the relevant Fund in specified ratios to the purchase price), 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 Shorehill Capital 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 limited partner committee prior to the closing of the transaction, there can be no assurance that Shorehill Capital 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, Shorehill Capital reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. Shorehill Capital is permitted to seek the consent of the relevant Fund limited partner committee(s) 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 Shorehill Capital, the Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

## **Conflicts of Interest**

Shorehill Capital 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, investment advisory, legal, management and other services to Funds and portfolio companies. Shorehill Capital 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 Shorehill Capital conducting its activities, the interests of a Fund likely will conflict with the interests of Shorehill Capital, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein.

During the investment period of a Fund, all appropriate investment opportunities will be pursued by Shorehill Capital principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents. Without limitation, Shorehill Capital 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 investments. Shorehill Capital 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. Shorehill Capital's principals and Shorehill Capital's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Shorehill Capital principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Shorehill Capital's advisory services generally are directed toward identifying follow-on investments for such Funds.

Shorehill Capital expects to be presented with certain investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Shorehill Capital. In determining which investment vehicles should participate in such investment opportunities, Shorehill Capital and its affiliates are subject to potential conflicts of interest among the investors in such investment vehicles. Shorehill Capital attempts to resolve such potential conflicts of interest in light of its obligations to investors in the various Funds and the obligations owed by Shorehill Capital's affiliates to investors in investment vehicles managed by them and attempts to allocate investment opportunities among the various Funds in a fair and equitable manner. Certain investments will be allocated between one Fund and any successor or predecessor Fund in a manner as set forth in the Governing Documents.

Following the investment period of a Fund, Shorehill Capital principals reserve the right, 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 Shorehill Capital's sole discretion, Shorehill Capital and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, Shorehill Capital personnel are permitted to serve on boards or act in other roles unaffiliated with Shorehill Capital, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

Following such determination of allocation among Funds, Shorehill Capital reserves the right to offer co-investment opportunities to one or more potential co-investors, including Operating Partners, vendors, lenders, service providers and/or other third parties, as determined by the Governing Documents and Side Letters. Shorehill Capital'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 arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; Shorehill Capital's perception of whether the investment opportunity may 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 Shorehill Capital'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; and whether Shorehill Capital 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 Shorehill Capital. Where necessary, Shorehill Capital will consult and receive consent to conflicts from a Fund or relevant committee.

Investment opportunities are expected to be appropriate for multiple Funds at the same, different, or overlapping levels of a portfolio company's capital structure. Potential conflicts are expected to arise in determining the terms of each such investment, particularly where certain Funds are intended to invest in different types of securities in a single portfolio company. Questions are expected to 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 are expected to raise potential conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company.

Shorehill Capital'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 Shorehill Capital 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 Shorehill Capital expects to be subject, discussed herein, did not exist.

In certain cases, Shorehill Capital will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Shorehill Capital 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.

As a result of the Funds' controlling interests in portfolio companies, Shorehill Capital and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Shorehill Capital 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 Shorehill Capital 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 Fees or carried interest paid by a Fund to Shorehill Capital.

Additionally, a portfolio company typically will reimburse Shorehill Capital or service providers retained at Shorehill Capital's discretion for expenses (including, without limitation, travel expenses) incurred by Shorehill Capital or such service providers in connection with its performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Shorehill Capital personnel. This subjects Shorehill Capital 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. Shorehill Capital determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, any fee paid or expense reimbursed to Shorehill Capital or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

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

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

Shorehill Capital generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and such service

providers are expected to include: (i) Shorehill Capital or a related person of Shorehill Capital (which is permitted to include a portfolio company of such Fund); (ii) an entity with which Shorehill Capital or its affiliates or current or former personnel has a relationship or from which Shorehill Capital or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Shorehill Capital personnel are seconded, or from which Shorehill Capital receives secondees; or (iii) certain limited partners or their affiliates. This discretion subjects Shorehill Capital to conflicts of interest, because, although Shorehill Capital selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Shorehill Capital has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Shorehill Capital, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Shorehill Capital), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Shorehill Capital will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Shorehill Capital generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not Shorehill Capital has a relationship 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.

Shorehill Capital and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Fund or other investment vehicles advised by Shorehill Capital and/or its affiliates; conversely, current or former personnel or executives of Shorehill Capital and/or its affiliates are expected to serve in significant management roles at portfolio companies or service providers recommended by Shorehill Capital. Similarly, Shorehill Capital, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former personnel, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Shorehill Capital and/or its affiliates, and/or the Fund or other investment vehicles they advise. Shorehill Capital expects to be subject to a potential conflict of interest with the Fund in recommending the retention or continuation of a third-party service provider to the Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more future funds, will provide Shorehill Capital information about markets and industries in which Shorehill Capital operates (or is contemplating operations) or will provide other services that are beneficial to Shorehill Capital. Shorehill Capital expects to be subject to a potential conflict of interest in making such recommendations, in that Shorehill Capital has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a fund, while the products or services recommended may not necessarily be the best available to the Fund or its portfolio companies.

In certain circumstances, current or former Shorehill Capital personnel are expected to serve in interim or part-time roles at a portfolio company, or provide services to a portfolio company as a secondee or in similar capacities, whether or not maintaining certain legacy economic arrangements, while maintaining certain benefits, support services or indicia of employment at Shorehill Capital. Under such arrangements, Shorehill Capital and/or the relevant portfolio company is authorized to pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships (including compensation, benefits and other incentives or opportunities (including investment opportunities)) or to former personnel generally will not offset or reduce the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such personnel and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold or when the position can be filled on a longer-term or permanent basis. Personnel may or may not return to Shorehill Capital at the end of such secondee arrangement.

Shorehill Capital, its affiliates, and equity holders, officers, principals and personnel of Shorehill Capital and its affiliates reserve the right to buy or sell securities or other instruments that Shorehill Capital has recommended to a Fund. In addition, officers, principals and personnel reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in, reimburse or compensate the relevant Fund for due diligence or other expenses (including broken deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Shorehill Capital's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Personnel and related persons of Shorehill Capital have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

In addition, as described above, portfolio companies typically pay certain compensation and other amounts to Operating Partners or third-party consultants (including consultants introduced or arranged by Shorehill Capital and/or its affiliates that may regularly provide services to one or more portfolio companies), and such amounts will not offset the Management Fee as described herein. Operating Partners are expected to include former personnel of Shorehill Capital or certain portfolio companies, and in some circumstances former Operating Partners are expected to become Shorehill Capital personnel or personnel of portfolio companies. Consequently, the determination of whether individuals are Operating Partners is expected to vary and/or be revisited. Although the use of Operating Partners and the allocation of compensation paid to them by the portfolio companies subject Shorehill Capital and/or its affiliates to potential conflicts of interest, Shorehill Capital believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which are expected to be to the benefit of a Fund) that will result if the cost of the Operating Partners is lower than market rates for the services provided and/or if the quality of the services of the Operating Partners make a greater contribution to the success of the portfolio company. Although Shorehill Capital seeks to retain Operating Partners with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention. Shorehill Capital also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in



a manner that Shorehill Capital believes will align such persons' interests with those of a Fund's limited partners.

The General Partners generally are permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of distribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than Shorehill Capital 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.

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

The Governing Documents provide Shorehill Capital 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 Shorehill Capital's compensation. In making such determinations, Shorehill Capital is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for Shorehill Capital 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. Shorehill Capital 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 should be completely written-off for U.S. federal income tax purposes) 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, Shorehill Capital 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, Shorehill Capital 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 should be completely written-off for U.S. federal income tax purposes, 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 should be completely written-off for U.S. federal income tax purposes, within the requirements of the relevant Governing Documents.

Shorehill Capital's wide-ranging authority on the determination of when investments should be completely written-off for U.S. federal income tax purposes, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether investments should be completely written-off for U.S. federal income tax purposes 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 should be completely written-off for U.S. federal income tax purposes, 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 when investments should be completely written-off for U.S. federal income tax purposes are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of Shorehill Capital's compensation is dependent in part on an investment's status as completely written-off for U.S. federal income tax purposes, the General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although the Advisers intend 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 Shorehill Capital is permitted to retain a portion of Portfolio Fees (as described under "Fees and Compensation") in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Portfolio Fees are based on enterprise value or other metrics relating to a portfolio company, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of Portfolio Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company.

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, Shorehill Capital reserves the right to accrue, defer or forego payments of Portfolio Fees. 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.

Shorehill Capital 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 Shorehill Capital's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's limited partner committee, liquidity or transfer

rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic procedural and other terms.

Shorehill Capital 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 Shorehill Capital, 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 Shorehill Capital, 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 the Governing Documents and/or applicable law, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Shorehill Capital, 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 Shorehill Capital to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's limited partner committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although Shorehill Capital 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, Shorehill Capital 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 Shorehill Capital 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 Shorehill Capital's insurance coverage are higher or lower than that set forth in the Governing Documents.

Any of these situations subjects Shorehill Capital and/or its affiliates to potential conflicts of interest. Shorehill Capital attempts to resolve such conflicts of interest in light of its obligations to investors in the Funds and the obligations owed by Shorehill Capital's advisory affiliates 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, Shorehill Capital will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Shorehill Capital consults and receives consent to conflicts from the Fund or relevant committee.

### **DISCIPLINARY INFORMATION**

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

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Shorehill Capital is affiliated with other affiliated investment advisers, including General Partners and equivalent entities formed and subject to the Advisers Act pursuant to Shorehill Capital's registration in accordance with SEC guidance. These entities operate as a single advisory business together with Shorehill Capital and serve as managers or general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, personnel, consultants, or persons occupying similar positions. Shorehill Capital does not have any financial industry activities or affiliations that it is required to report.

To the extent permitted by a Fund's or Shorehill Capital governing documents, personnel of Shorehill Capital or its affiliates are expected to serve in investment advisory or other capacities at unaffiliated investment advisers.

### **CODE OF ETHICS, PARTICIPATION, OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Shorehill Capital has adopted a Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of the principals and personnel of Shorehill Capital and addresses conflicts that arise from personal trading. The Code requires certain Shorehill Capital personnel to report their personal securities transactions, prohibits or requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Sean McCarthy, the Shorehill Capital Chief Compliance Officer, at (312) 876-8632. Personal securities

transactions by personnel who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Shorehill Capital and its affiliated persons may come into possession of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security, including information received in such affiliated persons' capacities as consultants, advisors, or directors of non-Shorehill Capital businesses, including certain family offices and/or other private equity funds. Under applicable law, Shorehill Capital and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Shorehill Capital.

Accordingly, should Shorehill Capital or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public or non-public company, Shorehill Capital generally would be prohibited from communicating such information to clients, and Shorehill Capital will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Shorehill Capital personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and personnel of Shorehill Capital and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds or portfolio companies, whether directly or through certain co-investment vehicles. Participation in the co-invest program is limited to persons with such knowledge and experience in financial and business matters necessary to make them capable of evaluating the merits and risks of the prospective investment. The eligibility of any person to participate in the co-invest program, as well as the amount such person is permitted to invest, will be determined in the sole discretion of Shorehill Capital. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same portfolio companies as a Fund. If Shorehill Capital receives multiple classes of securities in a transaction (for example, subordinated debt and common equity), the co-investors' investments shall invest side-by-side with Shorehill Capital's investment, and investment opportunities shall be allocated *pro rata* between Shorehill Capital and the co-investors.

The Funds are expected to sell portfolio companies in an initial public offering. In such event, investors in a Fund generally will receive via distribution of cash proceeds their proportionate share of profits and losses from such sales. However, in certain circumstances, Shorehill Capital expects to permit its principals and personnel to elect to receive their proportionate share of such profits and losses in cash or in kind, in order to elect to receive initial public offering profits and losses on a different time frame than that deemed by Shorehill Capital or to be appropriate for a Fund.

Each Fund is authorized to invest together with other Funds advised by an affiliated adviser of Shorehill Capital in the manner set forth in the Governing Documents. Shorehill Capital's policy is to allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with their fiduciary obligations and the underlying documents for each Fund.

Shorehill Capital and its affiliates, principals and personnel expect to carry on investment activities for their own account and for family members, friends, other private equity funds (as discussed herein) or others who do not invest in a Fund, as well as give advice and recommend

securities to vehicles or other funds 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, and may receive nominal fees in connection with such investment activities. The Governing Documents and investment programs of certain Funds generally restrict, limit, or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Fund or be subject to limitations (e.g., by time or percentage of capital deployed).

## **BROKERAGE PRACTICES**

Shorehill Capital focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Shorehill Capital reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Shorehill Capital does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If Shorehill Capital sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Shorehill Capital. In such event, Shorehill Capital will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Shorehill Capital reserves the right to consider a variety of factors, including, without limitation: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Shorehill Capital 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 Shorehill Capital 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 Shorehill Capital seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them. Under such “soft dollar” arrangements, securities transactions are executed through a broker-dealer that charges more than the lowest available commission rate in exchange for the provision of brokerage and research services, which may include: (i) furnishing advice as to the value of securities and the advisability of investing, purchasing or selling securities; (ii) furnishing analysis and reports concerning issuers, securities and performance of accounts; or (iii) effecting securities transactions and performing functions incidental to such transactions, such as clearance, settlement and custody. Shorehill Capital is authorized to enter into “soft dollar” arrangements only where it reasonably believes that the services benefit a Fund, and that the amount of commission is reasonable in relation to the value of the brokerage and research services provided.

Shorehill Capital currently does not engage in soft dollar transactions, but reserves the right to engage in soft dollar transactions in the future in accordance with the limitations of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Shorehill Capital does not anticipate engaging in significant public securities transactions; however, to the extent that Shorehill Capital engages in any such transactions, orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for the Funds are completed independently, Shorehill Capital also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously.

In Shorehill Capital's private company securities transactions on behalf of the Fund, Shorehill Capital reserves the right to retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Shorehill Capital reserves the right to consider a variety of factors, including, without limitation: (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 Shorehill Capital 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 necessarily pay the lowest commission or fee for such services.

## **REVIEW OF ACCOUNTS**

The investments made by the Funds generally are private, illiquid, and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Shorehill Capital monitors companies in which the Funds invest, and the Shorehill Capital Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund will make available to each limited partner (i) annual audited GAAP financial statements for the relevant Fund (including a statement of the limited partner's closing capital account balance) showing the fair value of such Fund's investments, (ii) unaudited quarterly financial reports for the first three quarters of each fiscal year showing the relevant limited partner's capital account balance and the fair value of such limited partner's interest in the relevant Fund and (iii) annual tax information. Each Fund will also make available to its limited partners descriptive investment information for each portfolio company periodically.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Shorehill Capital and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, a portion of this compensation will, in many cases, 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 company), these fees are in addition to Management Fees. See "Advisory Business—Fees and Compensation."

Shorehill Capital 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 Shorehill Capital indirectly through an offset against the Management Fee under the Governing Documents, 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).

## **CUSTODY**

Shorehill Capital 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 following qualified custodians:

- CIBC Bank USA, 120 South LaSalle Street, Chicago, IL 60603
- Silicon Valley Bank, a division of First Citizens Bank, 3003 Tasman Drive, Santa Clara, CA 95054; and
- JPMorgan Chase Bank, N.A. 270 Park Avenue, New York, NY 10017

## **INVESTMENT DISCRETION**

Shorehill Capital has discretionary authority to manage investments on behalf of each Fund. As a general policy, Shorehill Capital does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Shorehill Capital and/or its affiliates have entered, and expect to enter, into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other similar reasons. Shorehill Capital assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of such Fund.

## **VOTING CLIENT SECURITIES**

Shorehill Capital has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for the Funds' (and any Fund's) portfolio investments. The Proxy Policy seeks to ensure that Shorehill Capital votes proxies (or similar instruments) in the best interest of the Fund, including where there may be material conflicts of interest in voting proxies. Shorehill Capital generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Shorehill Capital is permitted to address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's limited partner committee, on the proposed proxy vote, or through other alternatives set forth in the Proxy Policy. Additionally, Shorehill Capital reserves the right to form a Conflict Committee to address the conflict of interest in a particular solicitation. Shorehill Capital does not consider service on portfolio company boards by Shorehill Capital personnel or Shorehill Capital's receipt of management or other fees from portfolio companies to



create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Shorehill Capital when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Shorehill Capital's complete Proxy Policy or information regarding how Shorehill Capital voted proxies for particular portfolio companies may contact Sean McCarthy, the Shorehill Capital Chief Compliance Officer, at (312) 876-8632, and it will be provided to you at no charge.

## **FINANCIAL INFORMATION**

Shorehill Capital does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of this Brochure.

**FORM ADV PART 2B  
INVESTMENT ADVISER BROCHURE SUPPLEMENT**

**SHOREHILL CAPITAL LLC**

**10 S. Wacker Drive, Suite 3300  
Chicago, IL 60606  
(312) 876-7267  
<https://www.shorehillcapital.com>**

**March 2024**

Capitalized terms used but not defined in this Brochure Supplement have the meanings ascribed to them in the Investment Adviser Brochure of Shorehill Capital LLC (“**Shorehill Capital**”). This Brochure Supplement provides information regarding investment personnel acting on behalf of Shorehill Capital.

If you have any questions about the supplemental information contained in this Supplemental Brochure, please contact Sean McCarthy, the Shorehill Capital Chief Compliance Officer, at (312) 876-8632. All investment personnel mentioned in this Brochure Supplement can be reached at the address and phone number provided at the beginning of this Brochure.

**David O. Hawkins**

*Educational Background and Business Experience*

Mr. Hawkins (born 1965) co-founded Shorehill Capital in 2013. He holds a B.S. from Indiana University and a Master of Management from Northwestern University. Mr. Hawkins serves on the Board of Directors of Tribus Aerospace LLC, Functional Holdings LLC, Triad Technologies Holdings LLC, Flexpak Holdings LLC, Ascent Lifting Holdings LLC, and Jasper Holdings, Inc. Additionally, Mr. Hawkins is the Treasurer of Westmoreland Country Club.

*Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Hawkins.

*Other Business Activities*

Mr. Hawkins is not engaged in any investment-related business outside of his role with Shorehill Capital.

*Additional Compensation*

Outside of his role with Shorehill Capital, Mr. Hawkins does not receive any additional compensation that is required to be disclosed.

*Supervision*

As an Investment Team Leader, Mr. Hawkins is part of a team that is responsible for implementing and overseeing the investment strategy of Shorehill Capital. Mr. Hawkins is not directly supervised by any

one individual, as he is a Managing Partner of Shorehill Capital.

## **Brian P. Simmons**

### *Educational Background and Business Experience*

Mr. Simmons (born 1960) co-founded Shorehill Capital in 2013. He holds an A.B. from Cornell University. Mr. Simmons serves on the Board of Directors of Tribus Aerospace LLC, Functional Holdings LLC, Triad Technologies Holdings LLC, Flexpak Holdings LLC, and Ascent Lifting Holdings LLC. Mr. Simmons is a Lifetime Trustee of Lincoln Park Zoo. Mr. Simmons is also a Trustee of the Preservation Foundation of Palm Beach, Cox Science Center and Aquarium, Diamond Investments LLC, North Bluff Capital LLC, and Simmons Private Capital LLC.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Simmons.

### *Other Business Activities*

Outside of his role with Shorehill Capital, the only investment-related business in which Mr. Simmons is engaged is the operation and management of certain family investment entities. Potential conflicts of interest raised by the non-Shorehill Capital business activities of its personnel are addressed by Shorehill Capital's investment allocations policy.

### *Additional Compensation*

Outside of his role with Shorehill Capital, Mr. Simmons receives nominal director fees in connection with his operation and management of certain family investment entities.

### *Supervision*

Mr. Simmons is not directly supervised by any one individual, as he is a Partner of Shorehill Capital.