

SDC Capital Partners, LLC

Part 2A of Form ADV: Firm Brochure



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March 29, 2024

Item 1 Cover Page

This brochure, dated March 29, 2024 (the "Brochure"), provides information about the qualifications and business practices of SDC Capital Partners, LLC ("SDC" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at: 212-813-6700, or by email at: jkurtz@sdccapitalpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or a state securities authority does not imply a certain level of skill or training.

Additional information about SDC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

SDC filed its most recent Form ADV Part 2 on March 31, 2023. There are no material updates to this Brochure since the last annual update filed on March 31, 2023.

SDC routinely makes changes throughout its Brochure in an effort to improve and clarify the description of its and its affiliates' business practices and compliance policies and procedures, and to enhance disclosures of certain risks and conflicts of interests, in response to evolving industry and firm practices.

Recipients of this Brochure are encouraged to read the Brochure in its entirety.

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Item 4 Advisory Business

SDC, a Delaware limited liability company, is an investment adviser located in New York, New York. SDC was formed in 2017 and its Managing Partners and principal owners are Todd Aaron and Douglas Kaden.

SDC provides investment advice to pooled investment vehicles organized as private investment funds (collectively with any future private investment fund to which SDC provides investment advisory services, the “Funds,” and each, a “Fund”). The Funds are structured as Delaware limited partnerships and are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act, as applicable. An affiliated entity formed and/or controlled by SDC serves as general partner or managing member to each Fund (collectively with any future affiliated general partner or managing member to a Fund, the “General Partners,” and each, a “General Partner”). SDC and the General Partners generally operate as a single advisory business, and whenever from the context it appears appropriate, references herein to SDC and the Firm include the General Partners.

SDC provides discretionary investment advisory services to the Funds. Certain Funds (the “Main Funds”) invest primarily in the information technology (“IT”) and communications infrastructure sectors, including data centers, fiber networks, wireless infrastructure and related sectors. The Main Funds will primarily seek to leverage their extensive industry relationship set to source proprietary opportunities and will specifically seek investments where the Main Funds believe they can create value by applying SDC’s specialized operational knowledge as described in more detail in Item 8. Certain other Funds (the “Co-invest Funds”) are organized primarily for the object and purpose of directly or indirectly acquiring, developing, holding for investment, converting and distributing or otherwise disposing of investments in securities of one portfolio investment. As permitted by the Governing Documents (as defined below), SDC has provided and expects to provide (or agrees to provide) investment or co-investment opportunities (including the opportunity to participate in the Co-invest Funds) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, portfolio company management or personnel, SDC’s personnel and/or certain other persons associated with SDC and/or its affiliates. For strategic and other reasons, a co-investor or co-invest vehicle (including a Co-invest Fund) 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 SDC’s sole discretion, SDC 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 (including charges or reimbursement required pursuant to applicable law). However, to the extent any such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

Investment advice is provided directly to the Funds themselves and not to the individual investors in the Funds. SDC tailors its advisory services to the individual needs of the Funds but not to the individual needs of underlying investors. SDC manages the Funds in accordance with the investment objectives and limitations set forth in each Fund’s offering memoranda, governing

documents, subscription agreements, side letters, and any investment management agreement between SDC and the Funds, as applicable (together, the “Governing Documents”).

SDC has entered, and may in the future enter, into agreements, commonly known as “side letters” (“Side Letters”), with certain investors under which SDC waives or modifies the application of certain investment terms applicable to such investors, without obtaining the consent of any other investor in the Funds, as described in more detail in Item 8 below.

As of December 31, 2023, the Firm had approximately \$4,498,675,000 in discretionary assets under management. SDC does not currently manage any assets in a non-discretionary manner.

Item 5 Fees and Compensation

Each Main Fund pays management fees to SDC, either semi-annually (no earlier than each January 15 and July 15 for each semi-annual period beginning January 1 and July 1, respectively) or quarterly in advance. Until the earlier of (i) the end of each Main Fund’s commitment period or (ii) the date upon which management fees receive or begin to accrue to SDC in respect of any successor fund that may be formed in respect of such Main Fund, the management fee is 2.0% (per annum) of the aggregate capital commitments. Thereafter, for the remaining life of each Main Fund, the management fee will be 2.0% (per annum) of the total outstanding capital invested in investments that were not subject to a disposition and an allocable portion of either (i) the expenses of such Main Fund (other than management fees and organizational expenses) or (ii) the expenses incurred in direct connection with making maintaining or disposing of each investment. It should be noted that a disposition in SDC Digital Infrastructure Opportunity Fund I, L.P. (“Fund I”) is defined, generally, as all dispositions. Other Main Funds include dispositions, generally, only where the disposition results in a reduction of ownership interests. Limited partners admitted to a Main Fund or increasing their capital commitments after the initial closing of such Main Fund will contribute their allocable share of the management fee that otherwise would have been payable had all limited partners been admitted at the initial closing of the applicable Main Fund, plus a late-closing charge. The General Partners have the right in their sole discretion to waive or reduce all or part of the management fee payable with respect to any limited partner, without waiving or reducing the management fee that is payable with respect to other limited partners.

Under the Funds’ Governing Documents, the management fee 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 relevant Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (the “Stepdown Date”) management fees will initially generally be charged based on a formula tied to the amount of the relevant Fund’s aggregate commitments. Further, after the Stepdown Date, a Fund’s management fee generally will be charged and calculated based on a formula tied to the amount of contributed capital or the cost basis of investments (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 not been disposed of or permanently written-down or written off for U.S. federal income tax purposes in the manner described in the relevant Governing Documents (such investments, “Impaired Value Investments”).

Under the Funds’ 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 Funds' Governing Documents do not require management fees to be reduced or refunded following the occurrence of a writedown, decrease (including a significant decrease) in fair value or other event not constituting a complete realization, such as a reorganization, roll-over investment in connection with a sale or dividend distribution, except in the case of investments meeting the relevant Impaired Value Investment standard under the Governing Documents. For the avoidance of doubt, following the Stepdown Date, if the fair market value of an Impaired Value Investment is less than the total amount of investment contributions relating to such Impaired Value Investment, then the amount of management fees otherwise payable relating to such investment will be reduced solely based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s).

As a result, 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 generally will not be reduced (whole or in part) in connection with any partial distributions (e.g., those resulting from a dividend recapitalization) or reorganizations (other than if the Fund's ownership in the applicable portfolio company is reduced), restructurings, roll-over investments, extraordinary dividends or similar transactions or in circumstances where one or more other Fund(s) divest their respective investment(s) in the relevant portfolio company, whether in whole or in part, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the relevant Fund's investment therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction. The Funds' Governing Documents set forth the full list of terms under which a Fund's management fee will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified management fee in the relevant Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

The Co-invest Funds do not charge a management fee. In general, the management fee offsets described herein apply only with respect to the commitments of fee-paying investors.

SDC or its affiliates has the right to charge portfolio investments, prospective portfolio investments or their affiliates origination fees, breakup fees, consulting fees, monitoring fees, directors' fees and other similar fees ("Supplemental Fees"). To the extent Supplemental Fees are charged in respect of the assets of any Main Fund, they will reduce the amount of management fees charged to such Main Fund's investors on a dollar-for dollar basis. As a matter of practice, SDC is typically paid such fees of the type referred to above from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the management fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion of any such fee and not the portion of any fee related to: (i) General Partner or affiliated partner commitments, (ii) co-investors or potential co-investors (which could include co-investment vehicles managed by SDC, service providers, third parties, current or former portfolio company management or personnel, sellers that have rolled their interest or reinvested proceeds in the portfolio company and/or

others, or (iii) the value of profits, participation or equity interests in or relating to the relevant portfolio company, including interests owned by current or former portfolio company management, which have the potential to be significant). Unless otherwise agreed with investors, Supplemental Fees generally will be payable without further offset during term extensions, even if management fees are reduced or eliminated during the extended term, thus reducing the amounts of management fees actually offset. Supplemental Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Supplemental Fees paid prior to the Fund's acquisition, or following the Fund's disposition, of the relevant investment. Similarly, to the extent a former SDC employee becomes a consultant to, or employed by, a portfolio company, no compensation earned by such former employee will offset the management fee, whether or not such former employee has a remaining interest in the relevant Fund's General Partner or affiliated entity. Conversely, in the event that SDC employs a person that previously received compensation from a portfolio company, limited partners will receive the benefit of any applicable offset only beginning as of the relevant start date of the person's employment with SDC, and not with respect to any compensation paid prior to such date, including equity grants made prior to the date of employment that vest thereafter.

SDC and/or its affiliates may elect not to collect certain of the fees described below.

SDC and its affiliates will also be entitled to receive certain fees and/or other compensation for certain "Specialized Services" (as defined in certain Main Funds' Governing Documents or as otherwise approved by a Fund's advisory committee) rendered on behalf of a Fund or in connection with its portfolio investments. Specifically, SDC is developing a captive operations and management team (the "Shared Service Provider Team") that are engaged by the SDC Shared Service Providers, which are expected to provide Specialized Services to the Fund's portfolio investments and prospective investment opportunities as well as portfolio investments of other Funds as well as to the Fund and other investment funds, vehicles and accounts sponsored, managed and/or advised by SDC and its affiliates. The terms "SDC Shared Service Provider" and "Shared Service Provider Team" will include any operating partners (or persons with similar titles) who may or may not be an employee of (or otherwise engaged by) SDC or direct or indirect subsidiary or affiliate of SDC. This compensation is in addition to, and does not offset or otherwise reduce, the management fees and carried interest payable by the Funds or Fund investors. Personnel of an SDC affiliate and SDC's operating partners are expected to provide the Specialized Services to the Funds' actual and prospective portfolio investments including reimbursing the relevant General Partner, SDC or any of their respective affiliates for any fees, expenses, and other costs that the General Partner determines are applicable to such Specialized Services. The relevant General Partner, SDC and its affiliates will receive these payments even if such portfolio investments do not generate a profit. The Funds and their portfolio investments and/or prospective portfolio investments will pay or reimburse SDC and/or the applicable SDC Shared Service Provider for the allocated cost (including allocable compensation, overhead and related expenses (including salary, bonus, fees, retainers, incentive equity, performance-based compensation, incentive equity, stock awards and other rights and profits interests in portfolio investments and/or potential portfolio investments, other non-cash compensation, benefits (including health and other insurance) and/or reimbursements, including reimbursing SDC or any of its affiliates for any overhead expense (including rent, utilities, office maintenance, office supplies and hardware, software and information systems, storage, human resources and benefits administration, technology and software costs), employee compensation costs (including salary overhead and payroll administration and charges) and/or other cost reimbursement (including travel, meals and lodging))) associated with the time spent by the Shared Service Provider Team on such Specialized Services, even though they are performed by personnel of SDC subsidiaries. The

allocation of each applicable Shared Service Provider Team's expenses and related expenses is expected to be based on the estimated proportion of such Shared Service Provider Team's time spent on any Specialized Services in respect of each applicable portfolio investment or Fund opportunity on a monthly basis. Using such estimated time, a Fund and/or applicable portfolio investment will reimburse SDC or the SDC Shared Service Provider for a percentage of the aggregate compensation, overhead and related expenses of such employee in a given year based on an estimated percentage of such Shared Service Provider Team's time spent (or to be spent) over the course of such year on the Fund and/or the relevant portfolio investment, as applicable. The manner of determining allocable compensation, overhead and other expenses may change over time to reflect any updates in SDC policies and procedures. Costs and expenses for any software or licensed services provided by the SDC Shared Service Providers to the Funds and/or applicable portfolio investment will also be reimbursed to SDC or the applicable SDC Shared Service Provider based on the pass-through cost of such products. The manner of determining allocable compensation, overhead and other expenses may change over time to reflect any updates in SDC policies and procedures. For the avoidance of doubt, the allocations to the Funds and/or portfolio investments generally will be at "cost" to SDC or the applicable SDC Shared Service Provider (e.g., based on the compensation payable to the applicable Shared Service Provider Team members) with any profit or loss in any period reversed in subsequent periods, except as required for tax, legal, regulatory or similar reasons.

In addition, SDC and its affiliates retain certain consultants and/or advisors with relevant industry experience ("Industry Advisors") to provide additional assistance with investment sourcing, due diligence, oversight and support of portfolio investments, as well as certain other consultants and/or advisors on behalf of the Funds to assist SDC in sourcing, analyzing and executing investments, often with the intention that such consultants will assume board, executive or other management roles at the portfolio investments they identify. Industry Advisors are permitted to receive fees for their services that may be paid and/or reimbursed by applicable portfolio investments or prospective portfolio investments or by the Fund (either directly or through SDC or one of its affiliates). In addition, portfolio investments are expected to pay certain additional compensation (including in the form of equity interests) to Industry Advisors. Industry Advisors may also receive a portion of a General Partner's carried interest as compensation. None of the payments, reimbursements or other compensation to the Industry Advisors or other consultants will offset or otherwise reduce the management fees and carried interest payable by a Fund or any Fund investors. For the avoidance of doubt, SDC also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies. Each of the foregoing conditions is expected to reduce the amount of Supplemental Fees otherwise available to be offset against management fees, resulting in a potential material benefit to SDC over the life of the relevant Fund, and the existence of such potential benefit creates an incentive for SDC to seek to increase such amounts.

Each Fund is generally responsible for all organizational expenses incurred by SDC and its affiliates in connection with the formation and organization of such Fund and the applicable General Partner. Each Main Fund is expected to incur placement agent fees and, to the extent that any placement agent fees are charged to a Main Fund, the management fees of such Main Fund will subsequently be reduced on a dollar-for-dollar basis. Each Fund's manager will be responsible for all of its own normal and recurring routine operating expenses, such as compensation of its professional staff and the cost of office space, office equipment, communications, utilities and other such normal overhead expenses, other than the Specialized Services described above, and for administration related to its investment in the applicable Fund, which is an expense of the Fund. While not exhaustive, the Funds will be responsible for all other expenses related to the

business and operation of the Funds including, but not limited to, legal, auditing, consulting, financing, accounting, custodian fees and expenses. Further, the Funds will pay expenses associated with the Funds' financial statements, tax preparation costs, out-of-pocket expenses incurred in connection with transactions not consummated, in addition to other expenses associated with the investigation, acquisition, development, financing, management, operation and disposition of any investment, including extraordinary expenses, along with any taxes, fees, and/or other government charges levied against the Funds as well as any expenses of any service providers, including operating partners, advisers and consultants. In the event that investment vehicles managed or otherwise controlled by the General Partners or their affiliates are organized to co-invest with any of the Main Funds in a portfolio investment, the Governing Documents of each of the Main Funds provide that such vehicles will generally bear their pro rata share of any expenses directly attributable to such portfolio investment in which they participate, unless the relevant General Partner determines in good faith that a different standard is more fair or reasonable or otherwise required under the circumstances. However, the Governing Documents of each Main Fund further provides that co-investors may not agree to pay or otherwise bear fees, costs or expenses related to unconsummated co-investments and, in such event, such fees, costs and expenses will be considered expenses of, and be borne by, such Main Fund. In addition, in certain instances, a Fund will bear expenses in respect of an existing or prospective portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment vehicles), where SDC has determined, in its sole discretion, such arrangement to be in the best interest of such Fund (e.g., a Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursements by other owners of the portfolio company).

The fees and the expenses described above are negotiated and agreed upon in connection with the establishment of the management relationship in respect of the Funds and may be deducted from amounts that would otherwise be retained by the Funds. Please refer to the Funds' Governing Documents for further information regarding the fees and expenses of SDC and the Funds.

Other than as described above and in Item 6 below, neither SDC nor any of its supervised persons accepts direct compensation for the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-By-Side Management

SDC is generally entitled to receive performance-based compensation in the form of a carried interest allocation of 20% from each of the Main Funds and 15% from certain Co-invest Funds to the relevant General Partner after such Fund has returned to its limited partners all of their contributed capital plus an 8% preferred return (compounded annually). Performance-based compensation will be made in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The General Partner in respect of each such Fund has the right in its sole discretion to waive or reduce all or part of the carried interest payable with respect to any limited partner. Please refer to the Governing Documents of each of the Main Funds and the relevant Co-invest Funds for further information regarding the performance-based fees. SDC does not receive performance-based compensation from the investment vehicle organized in connection with a portfolio investment of Fund I. Because SDC has Funds with varying carried interest terms, SDC and its personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. SDC seeks to address the potential for conflicts of interest in these matters with allocation policies and practices that

provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by SDC or any personnel.

Receipt of performance-based compensation has the potential to create an incentive for SDC or the General Partners to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than would be the case in the absence of such compensation, although SDC generally considers performance-based compensation to better align its and the General Partners' interests with those of Fund investors.

Item 7 Types of Clients

As described in Item 4 above, SDC provides discretionary investment advice to the Funds, which are private investment vehicles exempt from registration under the Investment Company Act. The Funds are marketed exclusively to investors that generally include, without limitation, high-net worth individuals, pension plans, trusts, financial institutions, endowments and other U.S. and non-U.S. entities. Each investor is required to meet certain suitability requirements. Interests in the Funds are sold only to investors who meet qualification requirements under applicable securities laws.

An investment in the Funds should be based on a prospective investor's careful analysis of its overall portfolio and its own objectives and needs in the areas of diversification, liquidity, return on investment and risk management.

The Governing Documents of each of the Main Funds set forth a minimum capital commitment which generally ranges from \$5,000,000 to \$15,000,000, subject to reduction at the discretion of the relevant General Partner. The Governing Documents of the Co-invest Funds do not provide for a minimum capital commitment.

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

As more fully described in the Governing Documents of each of the Main Funds, the Main Funds will principally seek to make opportunistic equity investments in the digital infrastructure sector (including the production, delivery and/or transformation of energy, heat and/or cooling) and related sectors. The Main Funds may also make other types of investments in the digital infrastructure sector, including debt, convertible debt investments, preferred equity investments, controlling and minority common equity investments and other structured investments. The Main Funds may make investments both within and outside North America.

Across each investment type that SDC pursues, the Main Funds will utilize the Firm's differentiated investment approach to target investments that share common attributes and that take advantage of the SDC team's collective experience. The Main Funds will invest in both individual assets and in established operating businesses where its experience and sector knowledge can assist in-place operating teams. The Main Funds will pursue a differentiated and proven investment approach anchored in SDC's ability to: (1) proactively develop investment themes, (2) build a targeted and proprietary pipeline, (3) leverage its differentiated operational expertise and (4) broaden its opportunity set and mitigate risk through a flexible approach to capital deployment and structure. SDC's multi-stage investment process provides the basis for efficient deployment of the Firm's human resources, effective and focused diligence efforts, and enhanced opportunity for post-

investment value creation.

As more fully described in the Co-invest Funds' Governing Documents, the Co-invest Funds will principally seek to make investments in the securities of one portfolio investment which is in the digital infrastructure sector.

Investing in a Fund is speculative and involves significant risks, including the risk of total loss of invested capital, and should be considered only by sophisticated investors able to meet drawdown obligations and assume the risks of loss and illiquidity inherent with an investment in the Fund. The following risks and conflicts, as well as the risks and conflicts described elsewhere in this Brochure, are not intended to be an exhaustive list of all the risks and conflicts associated with SDC's business or an investment in a Fund, which are set forth in greater detail in the respective Governing Documents of the Funds. Before investing in a Fund, prospective investors should carefully review such Fund's Governing Documents, including, in the case of each Main Fund, the additional risks and conflicts set forth in the Governing Documents of such Main Fund. Further, SDC's business and the investment strategies of the Funds may evolve in light of existing market conditions and investment opportunities, and this evolution may involve additional risks and conflicts depending upon the nature of the assets in which it invests and its ability to finance such assets on a short or long-term basis.

Certain Risk Factors:

General Risk of Loss. There can be no assurance that a Fund will achieve its investment or performance objectives, including the identification of suitable investment opportunities and the achievement of targeted returns, or that a Fund will be able to fully invest its capital commitments. A Fund may lose some or all of its invested capital, and prospective investors should not subscribe for interests unless they can readily bear the consequences of such loss.

Key Personnel. A Fund generally is dependent on the services of the Firm and its executive officers and key personnel. The loss of an executive officer or a key person's services could have a material adverse effect on a Fund's performance.

Side Letters. A Fund has entered, and may in the future enter, into Side Letters with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those set forth in such Fund's Governing Documents. A Fund may enter into Side Letters based on, among other things, the size of the investor's investment in a Fund. The terms and conditions of such Side Letters may provide for special rights to make future investments in a Fund; rights to receive reports from a Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding investments); special consent rights to the amendment of the Governing Documents of a Fund; different fee structures or arrangements (including discounted or rebated compensation terms; modified waterfall mechanics and/or receipt of a portion of SDC's compensation); information rights; specialized reporting; priority co-investment rights or targeted co-investment amounts; rights to serve on a Fund's advisory committee; liquidity or transfer rights; confidentiality protections and disclosure rights; modification of default remedies; investment pacing restrictions; economic procedural and other terms, many of which will not be subject to the "most favored nation" provisions of a Fund's Governing Documents; and such other rights as may be negotiated by a Fund and such investors, with the effect that not all of a Fund's investors will invest on the same terms and some investors may be expected to enjoy more favorable terms than others. SDC 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 SDC; 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 SDC, 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 circumstances and on the timing required by 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, SDC, 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 SDC to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory 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. As a consequence of one or more investors being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments, the aggregate returns realized by participating or non-participating investors could be adversely affected in a material manner by the unfavorable performance of particular investments. Although SDC believes it to be unlikely, excuse rights requested or received by one or more investors (or such regulatory, tax or other factors applicable to such investors) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns, 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. An investor'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 investors' voting rights generally will increase the voting rights percentage of other investors in the relevant Fund. Further, investors 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.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which a Fund may invest, including various segments of the digital infrastructure industries, are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While each Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including, in particular, the digital infrastructure industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of SDC 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 SDC 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.

Illiquid Investments. Investments in a Fund are expected to be long-term and highly illiquid, with no certainty of return. In addition, there most likely will be little or no near-term cash flow available to investors. Subject to the provisions in a Fund's Governing Documents, investors in such Fund may not sell, transfer, exchange, assign, pledge, hypothecate, attach or otherwise dispose of or encumber their interests (or any portion thereof) in a Fund without the written consent of SDC, which may be granted or withheld in SDC's sole discretion, and investors may not withdraw from such Fund without the consent of SDC.

Business and Market Risk. The marketability and value of the investments will depend on many factors beyond the control of a Fund, including, without limitation: changes in general economic or local conditions and/or specific industry segments; geographic or market concentration; changes in interest rates; the promulgation and enforcement of governmental regulations relating to communications, technology, land use and zoning restrictions, environmental protection and occupational safety; failure to obtain, or delays in obtaining, regulatory approval; product compatibility; rapid obsolescence; consumer preferences; competition from alternative technologies; unavailability of funds to a portfolio investment; the financial condition of a portfolio investment; changes in tax rates and other operating expenses; the potential for uninsured or under-insured losses; energy and supply shortages; acts of terrorism; various uninsured or uninsurable risks; and natural disasters.

A Fund's investments are expected to involve markets that are developing and rapidly evolving. They are characterized by an increasing number of market entrants who have developed or are developing a wide variety of products and technologies. Because of these factors, demand and market acceptance for new products and continued demand and acceptance for current products are subject to a high level of uncertainty. There can be no assurance that the technology and products upon which a Fund's investments rely will be widely accepted or in demand at any time in the future. It is also difficult to predict with any assurance the future growth rate, if any, and size of these markets. If these markets fail to continue to develop, develop more slowly than expected or become saturated with competitors, or if the products or technologies on which a Fund's investments depend do not achieve, or continue to achieve, market acceptance, a Fund's business, operating results and financial condition will be materially and adversely affected.

Risks Related to the Infrastructure Sector. Most infrastructure assets have unique locational and market characteristics, which could make them highly illiquid or appealing only to a narrow group of investors. Infrastructure investments expose the strategy to numerous risks, usually without recourse to the general credit of a project sponsor, including (without limitation): construction; environmental; regulatory; permitting; commissioning; start-up; operating; economic; commercial; contractual; political; innovation; and financial risks. Early developmental stage projects involve risks of failure to obtain or substantial delays in obtaining: regulatory, environmental or other approvals or permits; financing; and suitable equipment supply, operating and offtake contracts. Additional infrastructure sector risks include (i) the risk that technology

employed will be not be effective or efficient; (ii) the risk of equipment failures, fuel interruptions, loss of sale and supply contracts; changes in power or fuel contract prices, bankruptcy of or defaults by key customers, suppliers or other counterparties, and tort liability; (iii) risk of changes of values of infrastructure sector companies; (iv) risks associated with employment of personnel and unionized labor; and (v) political and regulatory considerations and popular sentiments that could affect the ability of the strategy to buy or sell investments on favorable terms. The occurrence of events related to any of the foregoing could have a material adverse effect on investments in the infrastructure sector. There is no assurance that such investment projects will be profitable or generate cash flow sufficient to service their debt or provide a return on or recovery of amounts invested therein.

Certain companies in the communications industry are or may be subject to extensive non-U.S., U.S. federal, state and local regulatory requirements. Regulations that are intended to limit the concentration of ownership and control of communications companies may prevent a Fund from making certain investments that it would otherwise make. Other regulations may cause substantial additional costs or lengthy delays in connection with the completion or disposition of an investment. The Governing Documents contain provisions that are designed to conform to the requirements of the Federal Communications Commission.

Risks Related to the Acquisition of Equity and/or Debt Securities. A Fund generally intends to invest in common and preferred stock and other private equity securities. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In some cases, the issuers of such equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. A Fund may experience a substantial or complete loss on individual equity securities.

Numerous economic factors, as well as market sentiment, political and other factors, influence the value of equities. At any given time, a Fund may have significant investments in companies with smaller market capitalizations. These securities often involve greater risks than the securities of larger, better-known companies, including less liquidity and greater volatility.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the Fund's banks, brokers counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by various factors, including eroding market sentiment, significant withdrawals (e.g., a bank run in which depositors collectively withdraw their balances within a short period of time), fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, SDC, the Funds and/or any of 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, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in

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

Any Distress Event has a potentially adverse effect on the ability of SDC to manage the Funds and their investments, and on the ability of SDC, any Fund and/or portfolio companies to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of SDC 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 SDC 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 SDC 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 SDC 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. SDC 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. Furthermore, such balances maintained by SDC and the Funds are generally expected to fluctuate, including with respect to the Funds in connection with capital calls to limited partners and dispositions of investments, and certain balances from time to time will substantially exceed applicable deposit insurance.

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 SDC 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 SDC 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 SDC 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 SDC 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 SDC or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where SDC 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, SDC, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the subject investment(s). To the extent SDC requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by SDC 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 SDC reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that SDC 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, SDC reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. SDC is permitted to seek the consent of the relevant Fund advisory 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.

Use of Leverage. Certain of a Fund's investments may include a portfolio investment whose capital structures have substantial leverage. Leveraged capital structures increase the exposure

of a portfolio investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio investment or its industry and make the portfolio investment more sensitive to declines in revenues and to increases in expenses. 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 that such a portfolio investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Fund's equity investment in such portfolio investment could be significantly reduced or even eliminated.

Hedging Arrangements; Related Regulations. A General Partner is authorized (but not obligated) to endeavor to manage the relevant Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds are permitted to incur costs related to such hedging arrangements, which are permitted to be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Subscription Lines. A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the 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 General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's management fee calculation, such as during periods where management fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because management fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the relevant General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls.

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

Competitive Market for Investment Opportunities. The activity of identifying, completing, and realizing attractive investments is competitive and involves a high degree of uncertainty. A Fund will be competing for investments with other private equity investment vehicles, as well as business development companies, strategic industry acquirers and other financial investors investing directly or through affiliates. There can be no assurance that a Fund or SDC will be able to locate, complete and exit portfolio investments satisfying the investment criteria of a Fund, that a Fund will be able to fully invest its committed capital or that such investments will satisfy a Fund's rate of return objective.

Public Health Risk. Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which a Fund may invest and thereby adversely affect the performance of such Fund's investments.

Cyber Security. To the extent that a portfolio investment is subject to cyber-attack or other unauthorized access is gained to a portfolio investment's systems, such portfolio investment may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio investment financial information; (iii) portfolio investment software, contact lists or other databases; (iv) portfolio investment proprietary information or trade secrets; or (v) other items. In certain events, a portfolio investment failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio investment, or the 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 investment 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 SDC or one of its service providers holding its financial or investor data, SDC, its affiliates or the Funds may also be at risk of loss. There can be no guarantee that the cybersecurity measures employed by the Firm and service providers will always succeed in fending off cybersecurity attacks from viruses, malware, computer hackers or other malicious corruption of their information technology systems. Cybersecurity breaches may cause disruptions to business operations, cause losses due to theft or other reasons, interfere with net asset value calculations, impede trading, or lead to violations of applicable privacy and other laws, regulatory fines, and penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

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 SDC, 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 SDC, 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 SDC, the General Partners, the Funds and/or their portfolio companies.

Data. SDC will receive or obtain various kinds of data and information from the Funds, their portfolio investments, and, at their election, certain limited partners in the Funds, and service providers, including but not limited to data and information relating to, or created in connection with, business operations, financial results, trends, budgets, plans, suppliers, customers, employees, contractors, ESG (as defined below), carbon emissions and other metrics, some of which is sometimes referred to as alternative data or “big data”. SDC can be expected to be better able to anticipate macroeconomic and other trends, and otherwise develop investment themes or identify specific investment, trading, or business opportunities, as a result of its access to (and rights regarding) this data and information from the Funds, portfolio investments, and, at their election, certain limited partners in the Funds. As a result of its management of the Funds and their respective portfolio investments, as well as its relationships related parties and service providers, SDC has access and certain rights to data that it would not otherwise obtain in the ordinary course. Although SDC believes that these activities will improve SDC’s investment management and other business activities on behalf of the Funds, information obtained from the Funds and their portfolio investments, and, at their election, certain limited partners, also provides material benefits to SDC, the Funds or portfolio investments, typically without compensation or other benefit accruing to the Funds, the limited partners or portfolio investments. For example, information from a portfolio investment owned by a Fund can be expected to enable SDC to better understand a particular industry and execute trading and investment strategies in reliance on that understanding for SDC and other Funds that do not own an interest in the relevant portfolio investment, typically without compensation or benefit to such Fund or its portfolio investments. Further, data is expected to be aggregated across the Funds and their respective portfolio investments. SDC is expected to serve as the repository for data described in this paragraph, including with ownership and distribution rights therein.

Furthermore, except for contractual obligations to third parties to maintain confidentiality of certain information, and regulatory limitations on the use of material non-public information, SDC is generally free to use and distribute data from the Funds’ activities to assist in the pursuit of SDC’s various other activities, including but not limited to trading activities for the benefit of SDC or the Funds, and any confidentiality obligations in the Governing Documents do not limit SDC’s ability to do so. For example, SDC’s ability to trade in securities of an issuer relating to a specific industry may, subject to applicable law, be enhanced by information of a portfolio investment in the same or related industry. Such trading or other business activities can be expected to provide a material benefit to SDC without compensation or other benefit to the Funds or limited partners.

The sharing and use of “big data” and other information presents potential conflicts of interest and the limited partners acknowledge and agree that any benefits received by SDC or SDC personnel (including fees (in cash or in-kind), costs and expenses) will not be subject to the management fee offset provisions or otherwise shared with a Fund or limited partners. As a result, SDC has an incentive to pursue investments that have data and information that can be utilized in a manner that benefits SDC or the Funds.

Risks Inherently Associated with the use of Artificial Intelligence. SDC may incorporate the use of Artificial Intelligence (“AI”) into its business, operations and offerings. As with many disruptive

innovations, AI presents risks and challenges that could affect its accuracy and therefore SDC's business, the business of a Fund or its portfolio investments. While SDC intends for any use of AI to make processes more efficient, AI models may not achieve sufficient levels of accuracy. AI algorithms may be flawed and the datasets on which such algorithms are trained may be insufficient, raise privacy concerns or contain biased information, which could undermine the decisions, predictions or analysis of AI applications, subjecting SDC or the Funds to competitive harm, legal liability, and brand or reputational harm. Additionally, some AI scenarios present ethical issues. If SDC uses, enables or offers AI solutions that are controversial because of their impact on human rights, privacy, employment, or other social issues, SDC may experience brand or reputational harm. A number of governments are considering imposing regulations on AI and AI companies, which could adversely affect the Funds' portfolio investments and their businesses.

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 Funds.

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

Environmental, Social and Governance ("ESG") Matters. SDC 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. There is no guarantee that SDC will be able to successfully implement its ESG policy or make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and SDC 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 SDC, or any judgment exercised by SDC, will reflect the beliefs, values, internal policies or preferred practices of any particular investor or other asset manager or reflect market trends. There are also significant differences in interpretations of what positive ESG characteristics mean by region, industry and topic. SDC's interpretations and decisions may differ from others' views and could also evolve over time. Although SDC views the integration of ESG factors to be an opportunity to potentially enhance or protect the performance of its investments over long-term, SDC cannot guarantee that its ESG program will positively impact the performance of any individual investment or Fund. In addition, in evaluating an investment, SDC 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 SDC to incorrectly assess a company's ESG practices and/or related risks and opportunities. SDC does not intend independently to verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on SDC's view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG Policies, which could negatively impact SDC's performance. For avoidance of doubt, however, SDC does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

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

International Conflicts. Wars and other international conflicts, such as the Israeli-Palestinian conflict and the ongoing military conflict between Russia and the 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 each Fund 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 each Fund. Such impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of each 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 each Fund intends to pursue, all of which could adversely affect each Fund's ability to fulfill its investment objectives.

Changes to Benchmark Rates. To the extent that a Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on benchmark or

reference rates, including the London Interbank Offered Rate (“LIBOR”), Secured Overnight Financing Rate (SOFR) or other rates (each, a “Benchmark Rate”), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants have transitioned historical instruments and contracts away from LIBOR to new Benchmark Rates. This transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Certain Conflicts of Interest:

Allocation of Investment Opportunities. SDC or its affiliates have, and in the future expect to, establish new funds or enter into new managed account arrangements with investment strategies that are substantially similar to or otherwise overlap the Funds’ strategies, including funds and accounts investing primarily in the Funds’ target assets, and/or that may create additional conflicts of interest that may not be foreseeable. While the Governing Documents of each of the Main Funds provides for certain limitations on SDC’s ability to offer investment opportunities to other clients, SDC’s allocation of investment opportunities and expenses among various client accounts presents inherent conflicts of interest, as clients may have conflicting investment objectives, targeted returns, fee structures, investment time frames or legal, tax and regulatory considerations. During the investment period of a Fund, all appropriate investment opportunities will be pursued by SDC principals through such Fund, subject to certain limited exceptions set forth in the Governing Documents and SDC’s Investment Allocation Policy. SDC must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. SDC generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Governing Documents, as well as factors including, but not limited to, those listed in SDC’s Investment Allocation Policy. Following such determination of allocation among Funds, SDC will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and SDC reserves the right to offer any such excess to one or more potential co-investors, including third parties, as determined by the Governing Documents, Side Letters and SDC’s Investment Allocation Policy. SDC’s procedures permit it to take into consideration a variety of factors in making such determinations. Co-investment opportunities typically will be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and because co-invest opportunities generally appeal to Fund investors and third parties, SDC expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when

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

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

Parallel Funds. SDC or its affiliates may establish parallel funds, which may invest on a side-by-side basis in one or more investments made by a Fund, taking into account the investment objectives, guidelines and constraints of such Fund and such parallel fund. An investment by a parallel fund may or may not be in proportion to such parallel fund's aggregate capital commitments as it relates to that of a Fund and any other parallel fund investing in such investment or investments. Investments made by parallel funds on behalf of some or all of the investors in a Fund may, among other things, result in (i) tax, structural or regulatory consequences for such Fund that would not have occurred absent investment by such parallel fund, which consequences may have a disparate impact among the individual investors of the Fund or (ii) such Fund achieving a lower return than would have been achieved absent investment by such parallel fund.

Affiliate Transactions. SDC may, subject to the terms of the Governing Documents of a Fund, cause the Fund to enter into transactions with affiliates. The Fund will not necessarily derive a benefit from each such transaction, and the Fund and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions. Investors in the Main Funds may have no opportunity to participate in the evaluation of the terms or merits or valuation of any such transactions and, to the extent they are presented to the relevant advisory committee, all investors in such Main Fund will be bound by the consent of such committee.

Cross-Fund Investments; Investments in Different Levels of Capital Structure. Funds occasionally make "cross-fund investments." A cross-fund investment means an investment in a portfolio investment in which another Fund already has an investment or will be making an investment at

the same time or after a Fund's investment therein. Cross-fund investments can occur, for example (i) when the vehicle with the existing investment does not have sufficient capital to make a follow-on investment or is at or approaching the end of its investment period or term, (ii) where multiple Funds are investing at the same time, and SDC must allocate the investment opportunity across such Funds or (iii) where multiple Funds are investing in different parts of the capital structure of the same issuer (for example, where a Fund invests in the debt of a portfolio investment whose equity is owned by another Fund).

When making cross-fund investments or effecting cross-transactions, SDC will have conflicting responsibilities with respect to each participating Fund. These transactions raise a number of conflicts of interest, including where the investment of one Fund supports the value of or is used to repay or redeem, in whole or in part, one or more portfolio investments owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. In particular, SDC reserves the right to give advice and make investment recommendations to another Fund that differs from advice given to, or investment recommendations made to a Fund, even though such other Fund's investment objectives will be the same or similar to those of a Fund. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as another Fund or Funds. This likely will result in differences in price, investment terms, leverage and associated costs between such Fund and any other investing Fund(s).

Where multiple Funds invest at the same, different or overlapping levels of a portfolio investment's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio investment. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by SDC in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio investment, SDC expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, SDC expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds are expected to be prohibited from exercising (or SDC may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. In connection with any investment in which multiple Funds participate, SDC reserves the right to make independent decisions regarding recommendations of when each Fund should purchase and sell investments. Investments by multiple Funds also raises the risk of using the assets of one

Fund to support the portfolio of other Fund(s), which action might be motivated by a desire by SDC to attempt to reduce the potential clawback liability of an affiliate of the relevant General Partner and/or SDC (and therefore the guarantor liability of the ensuing carry recipients).

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Broken Deal Expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Moreover, the security that will be purchased by the later-investing Fund could have more attractive terms and conditions than the securities issued to the earlier Fund. For example, the earlier Fund could hold equity securities of a company and the later Fund could purchase convertible debt securities of such company. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. SDC and its affiliates reserve the right express to inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

In certain circumstances, a Fund may be invited to co-invest in transactions being managed or led by one or more other Funds and that such other Funds may be invited to co-invest with the Fund. In such circumstances, the investment by a Fund and such other Funds likely will not be proportional. Therefore, such participation by a Fund may be more or less advantageous to a Fund relative to such Other Funds. In addition, such side-by-side investing is expected to give rise to potential conflicts of interest, including allocations of investment interests, governance rights and the sharing of fees and expenses. The appropriate allocation among such Fund and such other Funds of fees, costs and expenses generated in the course of evaluating and making side-by-side investments that are not consummated (including out-of-pocket fees associated with due diligence, attorney fees, and the fees of other professionals) will be determined by the General Partner in its sole discretion in accordance with its then-current expense allocation policy.

Additionally, securities being acquired by one Fund may be higher in the capital structure than those held by another Fund; for example, where a Fund makes an investment in a portfolio investment in which another Fund holds an investment in a different class of such portfolio investment's debt or equity. In such a situation, the interests of the Funds will not always be aligned, which could give rise to actual or potential conflicts of interest or the appearance of such conflicts of interest. As a consequence of the type of investment held by each Fund in the relevant portfolio investment (or the fact that one Fund's interests sit higher in a company's waterfall), each such Fund will likely have a different assessment of the situation and the approach that best serves its interest, including in respect of significant matters such as the best exit strategy for an investment, the quality of the management team, the achievability of a financial budget or the

economic and other terms of an investment (such as the interest rate to be paid, the security granted, the nature of the covenants and terms of amendments or restructurings). The stage of maturity of each Fund (i.e., how close to the end of the vehicle's life it may be) also could impact decision-making regarding potential sales processes, including what valuation to target and whether an exit should be pursued. In addition, questions could arise about what action should be taken when a portfolio investment is in financial distress, including whether payment obligations and covenants at the portfolio investment level should be enforced, modified or waived, in particular where requests for amendments or waivers to loan documentation would improve the position of preferred equity or equity holders, and whether debt should be refinanced or restructured, including whether to initiate restructuring or liquidation inside or outside of bankruptcy. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital and, if provided, each investment vehicle generally will supply such additional capital in such amounts, if any, as determined by SDC in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio investment, SDC and its affiliates may face a conflict of interest in respect of the advice given to, and the actions taken on behalf of, a Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms and recapitalizations and the resolution of workouts or bankruptcies). In certain circumstances a Fund may be expected to be prohibited from exercising (or SDC may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of a Fund may be subject to creditor claims regarding subordination of interests. In addition, the Funds that have invested in the same portfolio investment may have different rights and remedies with respect to its respective investment even outside of a distress situation. For example, a Fund may have rights relating to finance- and collateral-related covenants among other considerations, that if exercised, could adversely impact another Fund's investment in the portfolio investment. Moreover, if additional financing is necessary as a result of financial or other difficulties, it may be in the best interest of a Fund, but not another Fund, to obtain such additional financing. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to all participating Funds. In that regard, actions could be taken for a Fund that adversely affect another Fund.

A Fund has the potential to acquire its interests in a portfolio investment at separate times and on different terms than the other investing Funds and only if expressly required by the Governing Documents that the consent of the Advisory Committee be sought. Examples of such transactions include (i) a Fund making an investment in or buying a security from a pre-existing portfolio investment of another Fund and/or selling a security to the account of one or more other Funds, (ii) Funds later investing in portfolio investments in which a Fund has invested, (iii) a company in which one or more principals and/or certain other SDC personnel hold an interest acquiring a portfolio investment of a Fund and (iv) a Fund making investments in an existing portfolio investment of another Fund for the limited purpose of providing such portfolio investment's management team with limited liquidity. In each case, the foregoing transactions would be expected to have an effect (either positive or negative) on the market value of a Fund's investment. In connection with any investment in which another Fund also participates, SDC reserves the right to make independent decisions regarding recommendations of when a Fund, as compared to any other Fund, should purchase and sell investments. As a result, there is the potential that a Fund will purchase an investment at a time when another Fund is selling the same or a similar investment, or vice versa. Conflicts will also arise in connection with any purchase or sale of a portfolio investment, or assets or businesses held by a portfolio investment, from or to a Fund, including with respect to the amount of consideration paid by or to, and the obligations

and rights of, such Fund. There can be no assurance that the return on a Fund's portfolio investments will not be less than the returns obtained by any other Fund participating in such portfolio investments.

SDC may put in place additional policies and procedures intended to mitigate any actual or potential conflicts of interest arising as a result of the ability for the Funds to invest in portfolio investments. Any such policies are likely to evolve and as such, are subject to amendment from time to time. In certain circumstances, considerations relating to the management of conflicts of interest could adversely affect or limit the Funds. For example, the General Partner could decide not to pursue or proceed with an investment opportunity for a Fund because of an actual or potential conflict of interest. This includes circumstances in which a General Partner has determined that an opportunity cannot or should not be pursued owing to a likelihood or possibility of harm to one or more members of SDC or the Funds (whether reputational or otherwise).

In determining whether to make or exit such overlapping investments and upon what terms, SDC will follow the procedures set forth in the relevant Governing Documents and will act in accordance with SDC's investment allocation policies and procedures, which may be amended.

Service Providers. SDC generally exercises its discretion to recommend to a Fund or to a portfolio investment thereof that it contract for services with certain service providers, and such service providers are expected to include: (i) SDC or a related person of SDC (which is permitted to include a portfolio investment of such Fund); (ii) an entity with which SDC or its affiliates or current or former personnel has a relationship or from which SDC or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where SDC personnel are seconded, or from which SDC receives secondees; or (iii) certain limited partners or their affiliates. For example, SDC expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects SDC to conflicts of interest, because, although SDC selects service providers that it believes are aligned with its operational strategies and will enhance portfolio investment performance and, relatedly, returns of the relevant Fund, SDC 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 SDC, 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 SDC), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. SDC will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio investment to incur) such expenses. Although SDC generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, SDC expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships and the timing of services these persons have the potential to have additional or different information relative to other investors or co-investors, and likely will be offered co-investment opportunities before such opportunities are presented to other interested prospective co-investors. Based on the foregoing factors, limited partners should not expect service providers to SDC or any Fund to provide services that will be the most beneficial to any limited partner.

In certain circumstances where SDC commits or has committed to seek “market” or “arm’s-length” rates or terms, SDC will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. SDC reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arm’s-length.” Consequently, SDC undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, SDC reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not SDC 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.

Specialized Services. As discussed in Item 5 above, portfolio investments and the Funds typically pay certain fees to, and reimburse expenses of, operating partners and other consultants (including consultants introduced or arranged by SDC and/or its affiliates that regularly provide services to one or more portfolio investments), and such amounts do not offset or reduce the management fee as described herein. SDC Shared Service Provider personnel generally make use of SDC resources or otherwise are associated with SDC. SDC and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio investment-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. SDC Shared Service Provider personnel are expected to include current or former personnel of SDC or certain portfolio investments, such personnel will likely continue to provide certain services to SDC and its affiliates while they are also providing services to the Funds and/or their portfolio investments, and in some circumstances former SDC Shared Service Provider personnel are expected to become SDC personnel or personnel of portfolio investments. Consequently, given that SDC (and not the Funds or any portfolio investments) otherwise pays the compensation, overhead and related expenses of employing SDC Shared Service Provider personnel, SDC has incentives to allocate such personnel’s time to the Funds and their portfolio investments. SDC Shared Service Provider personnel generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the management fee of any Fund, as described herein. Although the use of operating partners and the allocation of compensation paid to them by SDC, its affiliates and/or the portfolio investments subjects SDC and/or its affiliates to potential conflicts of interest, SDC believes that such potential conflicts have the potential be reduced by the anticipated cost savings to the Funds and their portfolio investments (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the operating partner is lower than market rates for the services provided and/or if the services of the operating partner align with SDC’s model for the portfolio investments and improve portfolio investment performance. Although SDC seeks to retain operating partners with a view to reducing costs to portfolio investments (and, ultimately, the Funds) and/or improving portfolio investment performance, a number of factors may result in limited or no cost savings from such retention. While SDC often obtains benchmarking data regarding the rates charged or quoted by third parties for services similar to those provided by its affiliates in the applicable market or certain similar markets, SDC generally undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, SDC reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. In

many cases, expenses and compensation in connection with such services are based on metrics relating to a portfolio investment, 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 such expenses charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of such portfolio investment. Any methodology, or choice among methodologies, involves potential conflicts of interest.

SDC also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that SDC believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only operating partners and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Industry Advisors; Other Consultants. In addition to the compensation payable to Industry Advisors and other consultants as discussed in Item 5 above, Industry Advisors and other consultants and/or advisors may be provided opportunities to co-invest in one or more portfolio investments of a Fund, without the payment of management fees and carried interest to SDC. Industry Advisors and other consultants and/or advisors also may have a limited partner or profit interest in the Funds. In addition, as discussed in Item 5, Industry Advisors and other consultants and/or advisors may also receive a portion of a General Partner's carried interest as compensation. To the extent such Industry Advisors and other consultants and/or advisors are involved in a Fund's investments, their carried interest may create an incentive to seek that the Fund make riskier or more speculative investments, to sell an investment sooner or to hold an investment longer than otherwise would be the case if a three-year holding period requirement did not exist for favorable tax treatment of carried interest under U.S. tax law. Furthermore, portfolio investments of a Fund may pay Industry Advisors or other consultants and/or advisors to perform services that, directly or indirectly, benefit SDC, its affiliates, other Funds and/or portfolio investments of the Funds. Consequently, SDC, its affiliates and/or portfolio investments of other Funds may receive services without being charged or at below market rates. Conversely, portfolio investments of a Fund may benefit from services that are paid for by SDC, its affiliates and/or portfolio investments of other Funds. Likewise, certain Funds may pay Industry Advisors or other consultants and/or advisors to perform services that, directly or indirectly, benefit SDC, its affiliates, other Funds and/or portfolio investments of other Funds. Compensation, expenses, fees and other amounts received by Industry Advisors or other consultants, including amounts received by such consultants and/or advisors from portfolio investments or the Funds, will not result in an offset of any Fund's management fee. Under many of these arrangements, including where Industry Advisors are paid a flat fee, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by such consultant and/or advisors.

In certain cases, including where a Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of SDC Shared Service Providers or Industry Advisors. In such cases, where the relevant General Partner believes the services of the SDC Shared Service Providers or Industry Advisors will benefit a portfolio company, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from SDC Shared

Service Providers or Industry Advisors services.

Use of Seconded/Interim Employee Arrangements. In certain circumstances, current or former SDC personnel may serve in interim or part-time roles at one or more portfolio investments, or provide services to portfolio investments as secondees or in similar capacities, while maintaining certain benefits, support services or indicia of employment at SDC. Under such arrangements, the Fund and/or the relevant portfolio investment is expected to pay or reimburse SDC for all or a portion of the personnel costs (including salary, bonuses and employee benefits) of the relevant employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio investment in connection with secondee relationships (including compensation, benefits and other incentives or opportunities (including investment opportunities)) will not result in offsets to the management fee and such arrangements otherwise will shift employer costs from SDC to the relevant portfolio investment. The reimbursement amount is determined by SDC and will likely vary by service, by portfolio investment and/or by person; provided that in all instances the amount shall be reasonable in relation to the services provided. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio investment need, the arrangements between such personnel and the related portfolio investment are expected to change over time, and in many cases will be terminated when the portfolio investment is sold. Personnel can decide whether or not to return to SDC at the end of such secondee arrangements.

Portfolio Investment Board Membership. As a result of the Funds' controlling interests in portfolio investments, SDC typically has the right to appoint portfolio investment board members (including current or former SDC personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, portfolio investment board members frequently approve compensation and other amounts payable to SDC, its affiliates and their respective personnel in connection with services provided by the SDC and its affiliates to such portfolio investment, and, except to the extent such amounts are subject to offset provisions in the relevant Governing Documents, are in addition to the management fee or carried interest. SDC's authority to appoint or influence the appointment of portfolio investment board members who could be involved in approving compensation payable to SDC or its affiliates subjects SDC and any such portfolio investment board appointees to potential conflicts of interest.

Other Activities. SDC is not required to manage the Funds as its sole and exclusive function and, except as set forth in the applicable Governing Documents, SDC, its affiliates and their respective agents, officers, directors, personnel and operating partners may engage in or possess any interests in business ventures and may engage in other activities of every kind and description independently or with others in addition to those relating to a Fund, including the rendering of advice or services of any kind to other investors, the making or management of other investments or other investment funds and the management of pre-existing investments. Consequently, various potential and actual conflicts of interest may arise from the overall business activities of SDC, its affiliates, clients or investment funds managed or sub-managed by it. SDC 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. SDC's principals and SDC's investment staff will continue to manage and monitor such investments until their realization. Such other investments that SDC principals expect to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, SDC principals reserve the right to, and likely will, focus their

investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an advisory opportunity is received that is unsuitable for a Fund, in SDC's sole discretion, SDC 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, SDC personnel are permitted to serve on boards or act in other roles unaffiliated with SDC, the Funds or their portfolio investments, including boards of charitable and educational institutions, public companies and former portfolio investments, and receive compensation in connection with such services and roles.

Moreover, it is possible that certain officers and personnel responsible for managing SDC and senior advisers to SDC may oversee the activities of other investment funds or companies. Conflicts of interest may arise in allocating time, services or functions of these officers and personnel.

Material Non-Public Information; Other Regulatory Restrictions. Each of SDC and its affiliates, officers, directors and personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities or other assets or liabilities. Any of the foregoing persons or entities will not be free to act upon any such information. Due to these restrictions, a Fund (whether or not in actual possession of material, non-public information) may not be able to make an investment that it might otherwise have made and may not be able to sell an investment that it otherwise might have sold.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent SDC or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio investments 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 investment may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio investment owned by them.

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

Allocation of Fees and Expenses. Subject to any relevant restrictions or other limitations contained in the Governing Documents, SDC will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case, in its sole discretion. In exercising such discretion,

SDC expects to be faced with a variety of potential conflicts of interest. SDC expects that a number of resources will be shared among the Funds in order to, among other things, enhance efficiency and reduce the cost for each Fund (including, for example, (i) SDC Personnel serving as directors on the board of any portfolio investment and/or the board of any managing entity and/or portfolio investment of any other Fund, (ii) ESG, digital transformation, marketing and hedging, legal, finance, accounting and compliance, portfolio management, construction services, capital markets, development services, commodity markets, investor relations and other services provided by SDC to the Funds, one or more of a Fund's portfolio investments and/or portfolio investments of any other Fund and/or SDC and its affiliates, (iii) insurance policies covering both SDC and the investing activities of a Fund, and/or (iv) the cost of a particular tool or piece of software used in connection with the Funds). In all such cases, subject to applicable law and legal, contractual or similar restrictions, expense allocation decisions generally will be made by SDC or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion to be fair and equitable across these vehicles. These factors will vary depending on the type of expense, and could include allocations based on assets under management, net asset value, investment holdings (including both number of positions and size of positions), the number of funds and accounts (and/or co-investors) receiving the benefit, the number of users of such resource, relative trading volume and time spent, and whether a particular expense has a greater benefit to a certain Fund. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining which Funds or co-invest vehicles benefit (or to the extent to which they benefit) from the relevant service relating to the expense, or whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or SDC. The Funds generally have different expense reimbursement terms, including with respect to management fee offsets, which is expected in certain cases to result in the Funds bearing different levels of expenses with respect to the same investment. Despite SDC's judgment to arrive at an appropriate expense allocation methodology, the use of any particular methodology will lead a Fund to bear relatively more expense in certain instances and relatively less in other instances compared to what a Fund would have borne if a different methodology had been used. There can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Any such determinations will involve inherent matters of discretion and conflicts of interest.

It should not be assumed that fees and expenses that may be borne by multiple Funds or other persons controlled by SDC will be allocated pro rata. In certain circumstances, SDC expects to allocate the full amount thereof to a Fund. While such allocations are discretionary, SDC generally expects a Fund to bear the fees and expenses that relate predominantly (even if not entirely) to a Fund's operations or investment activities. For example, the fees and expenses of a Fund's annual meeting of limited partners (to the extent not allocated to other Funds) are expected to be allocated to such Fund, regardless of whether all of the individuals attending or participating in the meeting are limited partners of such Fund or include portfolio investment executives, industry relationships or similar. Similarly, a Fund is expected to bear the fees and expenses of regulatory filings (to the extent not allocated to other Funds) that would not arise but for the specific operation or investment activity of such Fund (including Form 3, Form 4, Form 13F, Form 13H, Schedule 13D filings, Schedule 13G filings, filings under the Hart-Scott Rodino Act and other regulatory filings), even though certain of these filings may be made by or on behalf of SDC, the principals, co-investors or their respective affiliates, and even though such other persons may benefit from these filings. In addition, the full amount of any Broken Deal Expenses (as defined

below) relating to a potential transaction for a Fund (to the extent not allocated to other Funds) will typically be borne by such Fund, and not by SDC or any prospective co-investors (whether or not identified) that were to have participated in such transaction if it was consummated. Travel and related expenses in connection with a trip taken by employees, partners, members, shareholders, officers, directors and managers of SDC or its affiliates for purposes of multiple matters will be allocated by the relevant General Partner in its sole discretion. The foregoing are examples of how SDC expects to exercise its discretion, but should not be construed to limit the exercise of its discretion to such examples, or as binding in all circumstances. Further, SDC may in the future develop policies and procedures to address the allocation of expenses that differ from SDC's current expense allocation policy and practices.

Cross-Guarantees. Although SDC generally structures its investment vehicles to avoid cross-guarantees and other circumstances in which one investment vehicle bears liability for all or part of the obligations of another investment vehicle, in certain circumstances lenders and other market participants negotiate for the right to face only select investment vehicle entities, which can result in a single investment vehicle being solely liable for another investment vehicle's share of the relevant obligation and/or joint and several liability among investment vehicles. In each such case, SDC intends to cause the relevant other investment vehicles to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the investment vehicle undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In addition, in administering, or seeking to reinforce, these agreements, SDC expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. Any cross-collateralization arrangements with other investment vehicles, or among portfolio investments of a Fund and other Funds, could result in a Fund losing its interests in (and/or a loss in value in) otherwise performing investments due to poorly performing or non-performing investments of other Funds in the collateral pool or such persons otherwise defaulting on their obligations under the terms of such arrangements. The limited partners could also be required to fund capital contributions to cover a Fund's obligations under such a default. Through cross-collateralization, a Fund can, in certain circumstances, be exposed to risks associated with borrowings or other indebtedness of other Funds, including when such other Funds are not in turn exposed to risks associated with a Fund's borrowing for a similar purpose (if, for example, such other Funds or the partners thereof are excused from cross-collateralizing certain Fund expenses, management fees or other obligations of a Fund). In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an affiliate of SDC relating to their respective lending or other facilities; if any such provision were to be triggered, the Limited Partners could suffer adverse effects resulting from any default by any Fund or an affiliate of SDC, whether or not related to a Fund.

Broken Deal Expenses. In the case of expenses incurred in connection with proposed transactions to be completed by a Fund, but which transactions are not consummated ("Broken Deal Expenses"), conflict issues can arise relating to allocation of expenses across multiple vehicles that would have participated in such transaction. If a transaction in which a co-investment was planned or contemplated (including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise have been beneficial, in the judgment of SDC) ultimately is not consummated, SDC expects that in most or all cases, all Broken Deal Expenses relating to such proposed transaction, including without limitation "reverse break-up" or similar fees required by the target company, will be borne by the relevant Fund(s), and not by any potential co-investors that were to participate in such transaction. However, in certain instances

where co-investors have already executed definitive documentation to invest in such transaction and agreed to bear Broken Deal Expenses, they will bear their fair *pro rata* share of such fees and expenses. Except where the relevant Governing Documents or Side Letters(s) expressly provide to the contrary, Broken Deal Expenses generally are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment.

Investments in the infrastructure sector often require extensive due diligence activities and regulatory approvals prior to acquisition. Due diligence could include, without limitation, feasibility and technical studies, preliminary engineering and marketing studies, and legal and environmental review, any or all of which may entail significant third-party expenses. In the event that an investment is not consummated, a Fund could bear some or all of such third-party expenses and any termination fees.

Products or Services Received by SDC Funds from Portfolio Investments. Certain portfolio investments of the Funds have in the past, and portfolio investments of the Funds in the future are expected to provide the Funds and their respective portfolio investments with products or services that such portfolio investments regularly produce or provide as part of their business operations at reduced rates or without charge. In such circumstances, SDC has an incentive to acquire such products and services on behalf of a Fund from portfolio investments even when similar or superior services could be available from third parties.

Industry Relationships. As with other fund sponsors, as part of SDC's business, SDC, its affiliates and their respective personnel, partners, members, shareholders, officers, directors and managers have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include other investment advisors, investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and personnel of current and former portfolio investments, current and former service providers to current and former portfolio investments and former personnel and members of SDC. Certain of these third parties may: (i) introduce investment opportunities to SDC; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio investments; (iii) introduce portfolio investments to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio investments; or (v) provide investment banking, consulting, legal or advisory services to SDC, the SDC Funds or portfolio investments. Such third parties could also provide goods or services to or have business, personal, political, financial or other relationships with SDC, its affiliates and their respective personnel, partners, members, shareholders, officers, directors and managers. In addition, such third parties could invest in one or more SDC Funds, co-invest in one or more portfolio investments, provide other significant business or investment services to SDC, the SDC Funds and/or portfolio investments, or compete with the Fund for investment opportunities. These relationships could influence the General Partner in deciding whether to select or recommend any such third-party to perform services for the Fund or a portfolio investment. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Fund or the portfolio investments, as applicable.

Portfolio companies of the Funds have been and in the future may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds that, although SDC determines to be consistent with the requirements of such Funds' Governing Documents, may not have otherwise been entered into but for the affiliation with SDC. In such cases there could be conflicts of interest between the Funds or portfolio companies and

SDC will seek to resolve such conflicts as it deems appropriate. In other cases, SDC may not be aware or involved in such transactions between portfolio companies.

Discount Programs. SDC intends to institute one or more programs under which portfolio investment owned by the Funds would be given the option to participate in purchasing, vendor or similar arrangements with SDC, its affiliates and/or other portfolio entities. Program participants would expect to receive discounts negotiated with various vendors and service providers on a group-wide basis, though, in some cases, the amount and level of such discounts would vary from participant to participant and it is possible that certain program participants would not receive a discount with respect to a particular group program. SDC would allocate the costs for such program among the Funds and/or their respective portfolio investment, in accordance with the relevant Governing Documents. To the extent that SDC and its affiliates also were to participate in such a program, they would bear an allocable portion of such costs and receive similar benefits and discounts as the Funds and their respective portfolio investment participating therein. No amounts paid by any discount program participant would result in additional offsets to the management fee. SDC believes the potential for conflicts relating to such arrangements will generally be mitigated by the anticipated cost savings to portfolio investment (which would be expected to benefit the Funds) that would result if the negotiated rates for goods and services were discounted relative to those widely available in the market.

“Friends and Family” Discounts. The Funds’ portfolio investment, their respective affiliates and personnel and/or persons selected by them are expected to receive the benefit of “friends and family” and similar discounts from portfolio investment owned by the Funds under which such portfolio investment make their goods and/or services available at reduced rates. Because such portfolio investment typically offer such discounts to customers other than SDC and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, SDC believes that the potential for conflicts of interest relating to such discounts is mitigated. SDC, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course, but may do so.

Tangible and Intangible Benefits. In connection with its services to the Funds and their investments, SDC, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of SDC’s operations, including research, due diligence, investment monitoring, operational improvements and investment activities, SDC and its personnel expect to receive and benefit from information, “know-how,” experience, analysis and data relating to Fund or portfolio investment (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, “SDC Information”). In many cases, SDC Information will include tools, procedures and resources developed by SDC to organize or systematize SDC Information for ongoing or future use. Although SDC expects its Funds and their portfolio investment generally to benefit from SDC’s possession of SDC Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio investment (or by SDC and its personnel) and not by the Fund or portfolio investment from which SDC Information was originally received. SDC Information will be the sole intellectual property of SDC and solely for the use of SDC. SDC reserves the right to use, share, license, sell or monetize SDC Information, without offsetting or otherwise reducing to management fees, and the relevant Fund or portfolio investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio investment 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 investment, the Funds or their respective investors; no such rewards will offset or reduce management fees.

Insurance Coverage. Although the Governing Documents generally contain broad exculpation and indemnification provisions, SDC 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 SDC 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 SDC's insurance coverage are higher or lower than that set forth in the Governing Documents.

Impaired Value Investments. The Governing Documents provide SDC 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 SDC's compensation. In making such determinations, SDC is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for SDC 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. SDC expects to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing management fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

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

SDC's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an investment is an Impaired Value Investment, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during

the Fund's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of the SDC's compensation is dependent in part on an investment's status as an Impaired Value Investment, the relevant General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although SDC intends to operate in accordance with the Governing Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Other Conflicts. See Item 11 below for additional disclosures regarding conflicts of interest.

Any of these situations subjects SDC and/or its affiliates to potential conflicts of interest. SDC attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds, and attempts to allocate investment opportunities among its Funds 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, SDC will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, SDC consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

Item 9 Disciplinary Information

There is no disciplinary information to report for SDC or for any persons associated with the Firm or the Funds.

Item 10 Other Financial Industry Activities and Affiliations

The General Partners are affiliated entities of the Firm and certain of the Firm's personnel may have a financial interest in these entities.

As described in Item 5 above, SDC has several affiliated Shared Service Providers that provide certain Specialized Services rendered on behalf of a Fund or in connection with its portfolio investments. Please see Item 8 for potential conflicts of interest and how SDC seeks to reduce such potential conflicts.

See also the conflicts of interest described in Item 8 and elsewhere in this Brochure for further information on potential conflicts of interest among SDC, its affiliates and the Funds that may arise as a result of affiliations of SDC or the General Partners.

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

Pursuant to Rule 204A-1 of the Advisers Act, SDC adopted a Code of Ethics (referred to in this Brochure as the "Code") to ensure that SDC fulfills its role as a fiduciary to the Funds. The interests of the Funds must always be recognized, respected, and have precedence over SDC personnel. The Code requires that SDC personnel and certain associated persons act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid

conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent they arise. SDC personnel are also required to comply with applicable provisions of federal securities laws and make prompt reports of any actual or suspected violations of such laws by SDC or its personnel. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of SDC's personnel. The Code requires that personnel pre-clear certain public and private personal securities transactions, report personal securities transactions in accordance with the Code on at least a quarterly basis and submit reports to SDC regarding personal accounts and reportable securities holdings at least annually. The Code also addresses outside activities of personnel, conflicts of interest, policies and procedures concerning the prevention of insider trading, includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Personnel are required to provide a written or electronic certification to SDC as to agreeing to comply with the Code. Copies of this Code are available upon request by contacting SDC's Chief Compliance Officer.

While Fund I entered into a transaction by which it acquired securities from a related person of SDC in connection with its initial closing, as a general matter, neither SDC nor any of its related persons recommend that the Funds acquire or sell securities in which SDC or any related person has a material financial interest. However, in situations where such a transaction is pursued, SDC will make such disclosures and seek such consents as may be required by applicable law.

Should SDC 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, SDC generally would be prohibited from communicating such information to clients, and SDC 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 SDC personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

While SDC and its principals have investments in the Main Funds and one of the Co-invest Funds, as a matter of general practice, neither SDC nor any of its related persons acquire or sell securities that are also recommended to the Funds.

In the ordinary course of business, the interests of SDC and its affiliates may conflict with those of the Funds. Each Main Fund has established an advisory committee which has been tasked with evaluating and resolving certain issues involving conflicts of interest as they arise. Typically, all of a Fund's investors are bound by the determinations of the advisory committee, regardless of whether a limited partner is represented by a member of the advisory committee. The Governing Documents typically provide that to the fullest extent permitted by applicable law, none of the advisory committee members shall owe any fiduciary duties to the Fund or any other partner other than to act in good faith and within the limit of their authority. The advisory committee member will likely consider the interests of the limited partner it represents over the interests of the limited partners as a whole when voting or consenting to any matter submitted to the advisory committee. Members of the advisory committee could have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory committee for consideration or review. Members of the advisory committee are expected to have various business and other relationships with SDC, its affiliates and their respective personnel, partners, members, shareholders, officers, directors and managers. These relationships could influence their decisions as members of the advisory committee. To the extent that a limited

partner is not represented by a member of the advisory committee, such limited partner will have no influence over matters submitted to the advisory committee for review or approval.

See also the conflicts of interest described in Item 8 and elsewhere in this Brochure for further information on potential conflicts of interest among SDC, its affiliates and the Funds.

Item 12 Brokerage Practices

Due to the nature of investments recommended to the Funds, SDC does not expect to select or recommend broker-dealers for client transactions at this time. SDC does not engage in soft dollar arrangements with broker-dealers at this time.

Item 13 Review of Accounts

SDC's investment committee supervises and monitors the investment activities of the Funds. SDC's investment professionals routinely meet to discuss investment activities including potential new investment opportunities. SDC's investment committee convenes as and when necessary to consider and approve new investment opportunities and material investment decisions regarding the Funds' existing investments.

More frequent reviews may be triggered by material changes in key variables that could affect the performance of the portfolios or the investments within them, including changes in the financial markets and activity and trends in the political or economic environment.

Within 120 days after the Funds' fiscal year-end and in accordance with the Funds' Governing Documents, audited financial statements are prepared by an independent accountant pursuant to Generally Accepted Accounting Principles ("GAAP") and are distributed to each investor in the Funds (see Item 15). Quarterly financial statements (other than the last) will be provided to Fund investors within 60 days after the end of the quarter and are distributed to each investor in the Funds. Quarterly reports are generally accounted for pursuant to GAAP.

In addition to the information provided to all investors, SDC provides certain investors with additional information or more frequent reports that other investors will not receive (e.g., in connection with due diligence requests from certain investors).

Item 14 Client Referrals and Other Compensation

The Firm reserves the right to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in potential investor becoming a limited partner in a Fund. SDC has utilized such placement agents for certain Funds. As described in the Firm's applicable written service agreement with such placement agent, the placement agent generally receives compensation on all capital commitments raised and accepted by the Fund's from referred or solicited investors. Due to such compensation, such placement agent has an incentive to recommend investors to the Firm, resulting in a material conflict of interest.

Item 15 Custody

While the Firm or certain affiliates are deemed to have custody of certain client funds and securities, the Firm itself does not maintain physical custody of such funds and securities. As set forth in Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), all client funds and securities that

fall under the purview of the Custody Rule are held at accounts maintained in the name of the applicable client by entities deemed qualified custodians as defined in the Custody Rule. Additionally, SDC delivers audited financial statements of the applicable clients (such clients over which the Firm or an affiliate is deemed to have custody) to all investors in such clients within 120 days of the client's fiscal year end. The financial statements are prepared in accordance with generally accepted accounting principles and are audited by an independent accountant.

Item 16 Investment Discretion

SDC has full investment discretion to manage the business of the Funds and has discretionary investment authority to manage the making of new investments by the Funds and the management of the existing investments held by the Funds. Generally, this authority is provided for in the Funds' Governing Documents.

Item 17 Voting Client Securities

SDC's investment strategy does not generally involve the acquisition of public securities with voting authority, making it unlikely that a client will be placed in a position of proxy voting authority. However, if a Fund does come into possession of securities with voting rights, the Firm will implement the appropriate policies and procedures and seek to vote proxies in the best interests of such Fund.

Item 18 Financial Information

SDC does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item. SDC has not been the subject of any bankruptcy petition.