

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of J.F. Lehman & Company LLC. If you have any questions about the contents of this brochure, please contact us at (212) 634-0100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, where this brochure uses the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.

Additional information about J.F. Lehman & Company LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

Since J.F. Lehman & Company LLC (“JFLCO” or the “Firm”) annual amendment to this Brochure on March 30, 2023, JFLCO has made the following changes:

- Item 4: During the reporting period the Firm’s ownership expanded to an additional control person, Glenn M. Shor, reflected herein.
- Item 8: Augmented disclosures related to risks of investment to align with the various Funds’ governance documents.

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Item 4 Advisory Business

Since its establishment in 1992, JFLCO has pursued a consistent focus on private equity or equity-related investing in the aerospace, defense, maritime, government and environmental industries and companies possessing the unique technical capabilities that originate from operating in these sectors. To this end, JFLCO currently provides portfolio management and administrative services to private equity funds (individually a "Fund" or collectively the "Funds") whose focus is to control investments in middle market companies with unique engineering competencies and technology-driven products and services primarily in the U.S. and U.K. The Firm's primary services include investigating, analyzing, structuring and negotiating potential investments, monitoring portfolio companies and advising the Funds as to disposition opportunities.

After extensive research and investigation by the Firm, investment recommendations are communicated to the general partner of the applicable Fund (the "General Partner"), who are affiliates of the Firm. The advice provided by the Firm and its affiliates to each Fund is tailored to meet the individual investment objectives and restrictions of each Fund. Notwithstanding the foregoing, the General Partner of each Fund is ultimately responsible for all final investment decisions.

The Funds are currently comprised of primary funds (the "Primary Funds"), executive funds, comprised of investors which are affiliated with the Firm or employees of the Firm (the "Executive Funds"), friends and family funds, comprised of certain associate and/or family members of the Firm (the "Friends and Family Funds") and co-invest funds which make additional investments in the same portfolio companies ("Co-Investor Funds"). The Firm also manages a continuation fund. The Co-Investor Funds are generally comprised of a similar group of limited partners as the Primary Funds.

The principal owners of the Firm are Louis N. Mintz, Stephen L. Brooks, C. Alexander Harman, and Glenn M. Shor.

JFLCO managed approximately \$6,275,424,985 in client assets on a discretionary basis as of December 31, 2023.

Item 5 Fees and Compensation

Management Fee: In accordance with the limited partnership agreement for the applicable Primary Fund, for the period beginning as of the initial drawdown of a Fund through the earlier of the end of the investment period for such Fund or the date the General Partner holds a closing admitting third party members to a successor fund, JFLCO receives an annual management fee from the Primary Fund or the Friends and Family Fund, as applicable equal to 2% of total capital commitments of the applicable Fund. Capital commitments are the amount contractually committed to a Fund by the limited partners of the Fund (the "Limited Partners" or "Investors"). Thereafter, the management fee is either (i) for Fund IV, Fund V, and Fund VI, 2% of funded capital contributions that were used to fund the costs in portfolio companies of such Fund (other than the portion of a portfolio investment that represents an unrealized loss), or (ii) for Fund III, 2% of funded capital contributions that were used to invest in the portfolio companies of such Fund and remain invested in the portfolio companies. During the extension period of the Primary Funds and the Friends and Family Funds the management fee drops to (i.) 1.5% for the first extension (ii) 1% for the second extension and (iii) .5 for any additional extensions. The management fee is payable quarterly in advance from drawdowns of the Limited Partners unfunded capital commitments and are subject to certain reductions. Such reductions include, among other things, certain fees paid to JFLCO by portfolio companies of the Fund as further described in "Other Fees" below. Typically, the Executive Funds and Co-Investor Funds do not pay management fees. The management fee for the Continuation Fund is 0.75% of net invested capital. JFLCO and its affiliates reserve the right to waive or reduce Management Fees for certain Investors, including employees, as determined in JFLCO's sole discretion.

Dispositions: For the Primary Funds and the Friends and Family Funds, upon the disposition of a portfolio investment, all distributions, in-kind securities, dividends, interest or other income are proportionately distributed to the Limited Partners up to 100% of their aggregate capital contributions to the Fund plus a preferred return of 8% per annum, compounded annually on such aggregate capital contributions. The General Partner then receives any remaining funds up to 20% of the amounts paid to the Limited Partners. All remaining proceeds are then allocated 80% to the Limited Partners and 20% to the General Partners. All distributions by the Executive Funds or Co-Investor Funds are pro-rata based on the capital commitment of the partner. Upon termination of a Primary Fund or a Friend and Family Fund, generally the General Partner would be required to return to the applicable Fund distributions of carried interest previously received by the General Partner to the extent that they exceed the amounts that should have been distributed to the General Partner as carried interest applied on an aggregate basis covering all transactions of such Fund. In no event, will the General Partner be required to return more than cumulative carried interest distributions received by the General Partner, net of income taxes.

For the Continuation Fund, upon the disposition of a portfolio investment, all distributions, in-kind securities, dividends, interest or other income are proportionately distributed to the Limited Partners up to 100% of their aggregate capital contributions to the Fund used to fund the portfolio investment plus organization and fund expenses (the "Initial Return") plus a preferred return of 8% per annum, compounded annually on the Initial Return. The General Partner then receives any remaining funds up to 10% of the sum of any excess cumulative distributions (including this distribution) over the Initial Return. All remaining proceeds are then allocated as follows: (i) 10% to the General Partner and 90% to the Limited Partners until the Limited Partners have received (x) at least 1.5 times the aggregate of the Initial Return and (y) cumulative distributions equal to a net internal rate of return of at least 15%; (ii) 100% to the General Partner until the General Partner has received 15% of the sum of the excess of cumulative distributed amounts, including this item (ii), over the Initial Return; (iii) 15% to the General Partner and 85% to the Limited Partners until the Limited Partner have received (x) at least 1.7 times the aggregate of the Initial Return and (y) cumulative distributions equal to a net internal rate of return of at least 20%; (iv) 100% to the General Partner until the General Partner has received 20% of the sum of the excess of cumulative distributed amounts, including this item (iv), over the Initial Return and (v) thereafter, 80% to the Limited Partner and 20% to the General Partner.

Other Expenses: JFLCO pays all of its own normal operating expenses incurred for day-to-day administrative services to the Funds including overhead and expenses related to the analysis of potential investments.

A Fund typically pays or reimburses JFLCO its organizational and operating expenses up to a specified amount as described in the Fund's limited partnership agreement including, without limitation: (i) fees, costs and expenses attributable to or arising in respect to identifying, researching, evaluating, sourcing, structuring, organizing, negotiating, bidding on, consummating, acquiring, investing, holding, financing, refinancing, monitoring, operating, hedging, protecting, restructuring, trading, taking public or private, selling, valuing and realizing portfolio investments and prospective investments, including follow-on investments (including the costs, fees and expenses of any alternative investment fund, due diligence and expenses related to attendance at industry conferences, trade association memberships, travel and entertainment expenses), or seeking to do any of the foregoing (including associated legal, financing, commitment, transaction, introduction or other fees, and fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software, subscriptions and service providers, consultants, industry specialists, custodians and similar professionals in connection therewith and any fees and expenses related to any transactions that could have been offered to co-investors) whether or not any contemplated transaction is consummated and whether or not such activities are successful; (ii) interest or fees and expenses related to or arising from any indebtedness or guarantees made by a Fund or a General Partner on behalf of a Fund (including any subscription-backed credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee, including debt service obligations or other fees, expenses and other amounts payable in connection therewith; (iii) legal, regulatory and compliance expenses related to the investment activities of a Fund (including implementing and monitoring anti-money laundering, anti-bribery, environmental, social and governance, cybersecurity and privacy policies and

expenses arising from procedures and controls related thereto); (iv) financing, commitment, origination and similar fees and expenses; broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; brokerage, sale, custodial, depository, trustee, record-keeping, account and similar services; (v) directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and related expenses; (vi) taxes (including other governmental charges, fees and duties payable by the Funds); (vii) accounting, legal, consulting (including legal consultants and including consulting and retainer fees and any other compensation paid to any consultants performing investment initiatives or similar consultants), research, auditing, administration (including fees and expenses associated with the Fund's third-party administrator and administration or reporting software, if any), information appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), tax and other professional services; (viii) the preparation, distribution or filing of fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedules K-1, or any other administrative, compliance or regulatory filings or reports relating to a Fund or a portfolio company (including Form PF and any reports required by the Alternative Investment Fund Managers Directive relating to a Fund), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (ix) costs and expenses of the activities or proceedings of the advisory committee and the Operating Executive Board of a Fund, including retainer and certain other fees associated with the Operating Executive Board, and the annual meeting and other meetings with Limited Partners, (x) costs of other reporting to governmental and regulatory authorities and to Limited Partners, in each case as related specifically to a Fund and its portfolio investments, and other costs and expenses of complying with laws and regulations, including any required authorization, registration or reporting in relation to a Fund or any of its assets; (xi) investor-related services and other similar costs and costs and expenses of administering any side letters (including the process of compiling, distributing and implementing applicable elections pursuant to the "most favored nations" process contained in a Fund's limited partnership agreement; (xii) costs, fees and expenses for developing, structuring, operating and winding up administrative investment structures and offices of a Fund in various jurisdictions formed or utilized to conduct certain aspects of its investment activities, act as service providers to a Fund or otherwise facilitate the activities of investment platforms affiliated with a Fund; (xiii) all costs, fees and expenses associated with the liquidation of a Fund; (xiv) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process relating to a Fund or its portfolio investments, including any judgment, other award or settlement entered into or indemnification in connection therewith; and (xv) other extraordinary expenses. Co-Invest Funds generally are formed in connection with the consummation of a transaction. Accordingly, where a proposed transaction is not consummated, no Co-Invest Fund generally will have been formed, and the full amount of any broken deal expenses relating to any such proposed transaction would therefore be borne by the Fund or Funds selected by the applicable General Partner as proposed Investors for such proposed transaction.

Other Fees: JFLCO receives fees from the portfolio companies. These fees include transaction fees, monitoring fees, certain cost reimbursements and other similar advisory related fees. All such fees are allocated between the Fund and any related Co-Investor Funds on the basis of capital committed by each to the relevant portfolio company. For Fund IV, Fund V, and Fund VI, 100% of these fees paid by the portfolio companies to JFLCO or its related persons, net of expenses, are applied to reduce the management fee otherwise payable; for Fund III, subject to a budget-based formula, 50% (and in some cases 100%) of the allocable portion of these fees paid by the portfolio companies to JFLCO or its related persons, net of expenses, are applied to reduce the management fee otherwise payable. Management fee reductions will be carried forward if necessary.

All base and performance fees assessed to the Funds are fully disclosed to Investors in the respective Fund's offering and subscription documents.

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

As detailed in Item 5 above, the Primary Funds' and the Friend and Families' General Partner assesses a performance-based compensation of 20% of realized gains upon the disposition of a portfolio company. The performance compensation is earned only after the Limited Partners receive 100% of their aggregate capital contribution to the Fund plus a return of 8% per annum, compounded annually. All Limited Partners are required to be "Qualified Clients" as defined under the Investment Advisers Act of 1940, as amended (the Advisers Act").

The fact that the General Partners are in part compensated and is entitled to distributions of carried interest based on the performance of the Funds could create an incentive for the Firm to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangements. However, this incentive could be tempered somewhat by the fact that losses will reduce each Funds' performance and thus the General Partner's compensation. Notwithstanding such arrangements, the Firm manages the Funds in accordance with the investment strategy disclosed in the Funds' private placement memoranda, limited partnership agreements and in the investor subscription documents. The Firm regularly reviews the Funds' investments to ensure that they are being made in accordance with the Funds' respective investment guidelines. The Firm does not manage any account or any Primary Fund or Friends and Family Fund for which it does not receive a performance-based compensation. However, because the expected value of the performance-based fee could vary from Fund to Fund, the Firm has an incentive to favor one Fund over another. Specifically, the Firm could have an incentive to favor the Fund which is more likely to pay the General Partner its carried interest because of the performance threshold. The limited partnership agreements address potential conflicts of interest. On any issue involving conflicts of interest not provided for in the applicable limited partnership agreement, (i) each of the General Partner and Firm will be guided by its good faith judgment as to the best interests of the Fund and shall take such actions as are determined by the General Partner or the Firm could to be necessary or appropriate to ameliorate such conflicts of interest and (ii) the General Partner or the Firm will consult with the advisory committee of the Fund with respect to any matter as to which the General Partner determines in good faith that such a conflict of interest exists.

All performance compensation assessed to the Funds are fully disclosed to Investors in the respective Fund's private placement memorandum, limited partnership agreement and in the investor subscription documents.

Item 7 *Types of Clients*

JFLCO provides investment management services exclusively to Funds, the Firm's clients. Each Fund is a limited partnership, limited liability company or other entity formed under U.S. or foreign laws and operated pursuant to one or more exemptions from registration under the Investment Company Act of 1940 (the "Investment Company Act"). Funds typically include feeder entities, special purpose vehicles and/or parallel structures established for tax, regulatory or other considerations.

Certain of the Funds have minimum commitments required to invest in the Fund the General Partner can waive. Generally, each Fund would have assets greater than \$1,000,000.

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

Within its target industries, JFLCO focuses primarily on making control investments in middle market companies with unique engineering competencies and technology-driven products and services whose performance is critical. Companies that JFLCO targets could not be realizing their full potential. These businesses often have well-established product offerings and are leaders in certain or all their markets but lack the human or capital resources required for further growth. JFLCO fully supports each portfolio company with internal and external resources and

independently evaluates each company from origination through exit to identify opportunities for creating value in concert with the portfolio companies' management partners. JFLCO's target industries are large and complex markets that have consistently expanded over time and support a deep global supply chain comprised of enterprises. Within this universe of opportunities, JFLCO focuses primarily on middle market companies demonstrating the following criteria:

- Proven, market-leading engineering/technical capabilities involving specialized products and/or services where performance is critical.
- Product and service offerings subject to strict qualification and certification requirements associated with high-value, long-life cycle assets (e.g., aircraft, vessels, satellites, power plants, etc.).
- Established positions on long life-cycle priority programs, resulting in:
 - Recurring and predictable customer demand
 - Sole (or dual) source customer supply arrangements
 - Balanced contract portfolios across the full program life cycle (development, production and aftermarket support);
 - Customer demand driven by increasingly complex domestic and international regulatory frameworks;
 - Multiple-use technologies/capabilities with government and commercial applications; and
 - Potential for strong operating margins.

These attractive attributes, however, can be obscured by the complexity of JFLCO's target markets. Companies of interest to JFLCO frequently are not operating at their fullest potential due to insufficient leadership and operational focus, strategy drift from core competencies, inadequate investment in human and capital resources, or instances where decades of success have bred complacency or an aversion to change.

Opportunities exhibiting these complexities often appear unattractive to both financial sponsors lacking requisite sector and operating expertise and strategic buyers seeking cleaner, "plug and play" acquisition targets. These situations are of particular interest to JFLCO given its demonstrated value orientation, often resulting in the firm's successful acquisition of businesses below their intrinsic value. Identifying and understanding these types of situations requires specific knowledge of the (i) underlying products and services being provided, (ii) complex nature of the customers, programs and regulatory frameworks that are driving (or inhibiting) performance, and (iii) operating capabilities and expertise in these sectors. Specifically, JFLCO believes that successful execution of its strategy requires the ability to:

- Establish credibility with selling shareholders, management teams, regulators, customers and end users;
- Identify risks and opportunities in target companies lacking adequate senior management, corporate infrastructure and strategic direction;
- Operate in compliance with strict customer qualification and regulatory requirements;
- Interpret complex policy, budget, contract and regulatory dynamics;
- Identify attractive commercial applications for government-sponsored technologies and services (and vice versa);
- Understand arcane government procurement regulations and their unique pricing and accounting

conventions; and

- Obtain the security clearances required to evaluate classified programs. JFLCO believes that its sector and operating expertise is a competitive discriminator, enabling the Investment Team to utilize its experience, knowledge, relationships and specialized skills across the various stages of the private equity investment process.

These capabilities allow the firm to overcome inherent industry-specific barriers, identify attractive business attributes, develop specifically tailored strategies to create value and successfully execute these strategies.

Investment Process

Brand Equity-Driven Origination. JFLCO employs a proactive and direct origination effort, leveraging longstanding industry relationships with senior industry executives, entrepreneurs, retired military and government officials, financial intermediaries and professional advisors. This approach, combined with the firm's industry knowledge and ability to understand complex opportunities (including current ownership, sell-side advisors and other potential investors) has resulted in JFLCO developing high quality investment opportunities outside of conventional auction processes and acquiring companies at reasonable valuations. Of particular interest are companies that have operated with insufficient human and capital resources, immature systems and processes and limited strategic focus – typically non-core divisions of larger companies and assets held by founders seeking retirement or ownership groups with insufficient industry experience. JFLCO believes these target companies represent excellent opportunities for value creation. The majority of JFLCO-sponsored investments (i) have been acquired outside of traditional sales processes, and (ii) represent the first institutional capital invested in the target companies (i.e., owner-founder and corporate sellers). JFLCO believes its clear momentum over the last decade in both acquisition activity and deployment pacing is clear evidence of the sourcing engine and brand equity generated from a deep relationship network and reputation built over 30 years of exclusive focus in JFLCO's target sectors. This is particularly relevant in the context of the firm's value orientation and stated emphasis on broken auction, proprietary and "first look" opportunities.

Repeatable, Value-Based Underwriting. JFLCO utilizes a strict process seeking to ensure that every investment leverages the specialized experience and knowledge of the Investment Team and meets the firm's rigorous and well-established investment criteria. This focused, repeatable approach allows the firm to identify intrinsic value and develop opportunities for improvement and growth often obscured by complexities that other buyers find hard to understand and surmount – resulting in the appropriate underwriting of risks and favorable entry values relative to the broader U.S. middle market. JFLCO has demonstrated its ability to acquire companies at below-market valuations throughout multiple economic cycles. JFLCO believes this value discipline provides meaningful downside protection across its portfolio during weak macroeconomic backdrops and the potential to benefit from multiple expansion at exit after successfully executing the firm's investment strategy. In conjunction with JFLCO's established investment process and demonstrated value orientation, the firm employs a disciplined approach to leverage. Many companies acquired by JFLCO-managed funds have been resource-deprived under prior ownership or – particularly in the case of divestitures from larger companies – lack sufficient infrastructure to operate as independent enterprises. Accordingly, JFLCO typically establishes disciplined capital structures that provide portfolio companies the flexibility to make the investments necessary to execute their strategic plans without burdensome levels of leverage at closing. Post-acquisition, the firm has an established track record of refining capital structures and prudently re-leveraging businesses once they have gained traction from the implementation of JFLCO-directed strategic initiatives. Proceeds from these follow-on financings have been used to support numerous strategic bolt-on acquisitions and dividend distributions to shareholders. JFLCO believes this "staged" approach to leverage effectively manages risk and provides meaningful downside protections during an investment's holding period while providing attractive, risk-adjusted returns on equity capital. Tailored Strategies Drive Value Creation & Exit JFLCO believes that investment returns are best maximized by intensive, hands-on management of its portfolio companies. The firm further believes that control ownership positions are critical for implementing this active management approach. Once a company enters its portfolio (and often before closing), JFLCO seeks to

convert its specialized industry knowledge and expertise into value for Investors by helping companies achieve their full potential. While specific strategies for both organic and external M&A growth are developed for each investment, the firm has demonstrated a consistent ability to:

- Refocus businesses and drive significant performance improvement in their core aerospace, defense, maritime, government and environmental competencies;
- Expand product and service offerings into compelling adjacent market niches; • Improve cash flows and technical capabilities with customer funded research and development programs and other unique attributes of government procurement;
- Elevate businesses into higher value-added activities (e.g., migrating component and “black box” capabilities into integrated subassemblies and systems);
- Execute strategies to facilitate expansion of geographic footprints and penetration of new domestic and international markets; and
- Migrate enabling technologies and services across the commercial government market spectrums or exit ill-advised attempts to do so.

To successfully implement these strategies, the investment team (including JFLCO’s in-house operating executives) and members of the Operating Executive Board work closely with management to develop the necessary strategic, operating and financial objectives. In certain instances, JFLCO’s in-house operating executives serve interim roles in key management positions at portfolio companies until suitable candidates are identified and employed – this is particularly significant when acquiring businesses lacking stand-alone management organizations. In conjunction with strategy implementation, the firm deploys a wide variety of management tools across a broad spectrum of cross-functional disciplines including manufacturing and quality operations, sales and marketing, supply chain, engineering, human resources and finance. Operating and financial objectives and results are formally reviewed on a monthly basis and more frequently as required. Business issues and risks are typically identified quickly, allowing for timely corrective actions. JFLCO’s straightforward and experienced management approach also enables it to attract and retain high quality executives to its portfolio companies. As companies gain traction with the strategic initiatives implemented by JFLCO, the capacity to refine capital structures and re-leverage businesses is often used by the investment team for M&A initiatives and/or distributions to Investors.

Investment in the Funds involves risk of loss, and Investors in the Funds should have the ability to sustain the loss of their entire investment. There is no assurance that the performance of JFLCO or the Funds will equal or exceed any past performance. While prospective Investors should review the risk disclosures set forth in full in the applicable Fund's offering materials or separate account documentation, the following are certain material risks with respect to investments in the Funds. These risks are qualified in their entirety for a particular Fund by the risks set forth in such Fund's Private Placement Memorandum, other offering materials or governing documents.

Nature of Investment. An investment in a Fund requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to partners. Many investments will be highly illiquid, and there can be no assurance that Funds will be able to realize on such investments in a timely manner. Consequently, dispositions of such investments could require a lengthy time period or could result in distributions in kind to the partners. Additionally, Funds typically acquire securities that cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable state or non-U.S. securities laws. The securities in which Funds invest generally will be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. Certain Fund investments could be in businesses with little or no operating history. Certain Fund investments could be in businesses

with high levels of debt or could be investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Since a Fund could only make a limited number of investments, and since a Fund's investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to partners. Additionally, it should be noted that past performance is not a guarantee of future results. There can be no assurance that any targeted internal rate of return will be attained or that a Fund's investment strategy will be successful.

General Economic and Financial Market Conditions. General economic conditions could affect a Fund's activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and commodities, market disruptions, participation by other Investors in the financial markets could affect the value and number of investments made by a Fund or considered for prospective investment. Instability in the securities and commodities markets could also increase the risks inherent in a Fund's investments. Some of the portfolio companies could be dependent on the price of oil and could be affected by a change in the price. Moreover, movement in foreign exchange rates could adversely affect the value of investments in portfolio companies and a Fund's performance. The success of Fund's activities could also be affected by inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Fund and its investments), trade barriers, currency exchange controls, terrorism, war, cyber attacks, economic and trade sanctions, and local, national and international political and socioeconomic circumstances in respect of the countries in which a Fund could invest. A Fund could incur material losses even if the General Partner reacts quickly to difficult market conditions, and there can be no assurance that Funds will not suffer material losses and other adverse effects from broad and/or rapid changes in market conditions in the future. Even a well-analyzed approach could not protect Funds from significant losses under certain market conditions.

As evidenced during the most recent economic downturn, disruptions in the debt markets could affect the price of, and the ability to make, certain investments. The ability of portfolio companies to refinance debt securities could depend on their ability to sell new securities in the public high yield debt market or otherwise. In addition, to the extent that disruptions in the global financial marketplace continue, or even worsen, this could have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of portfolio companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, Funds could lose both invested capital in and anticipated profits from the affected portfolio companies. Such marketplace events could also cause a decrease in the availability of financing (and an increase in the interest cost) for leveraged transactions, which could impair a Fund's ability to consummate certain transactions or cause a Fund to enter into such transactions on less attractive terms. In the event that a Fund is unable to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise), a Fund could be forced to pay break-up, termination or other fees and expenses. In addition, a Fund could provide equity commitment letters to sellers of target portfolio companies with the expectation of obtaining debt financing prior to the acquisition closing. For reasons not always in General Partner or Firm control, including the reasons discussed above, the debt financing could not be obtained. In such event, it is possible Funds could fund their full equity commitment and hold a larger position in a portfolio company than anticipated.

In addition, in recent years, economic problems in a single country have had an increased effect on other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets, which could in turn adversely affect a Fund's performance. Moreover, presidential and congressional elections could result in a number of changes to U.S. and non-U.S. fiscal, tax and other policies, as well as the lending environment generally. These changes and other changes could significantly impact the U.S. and global financial markets and the

execution of a Fund's strategy.

A Fund could be adversely affected by the foregoing events, or by similar or other events in the future. In the longer term, there could be significant economic developments and other events that could limit the Funds' activities and investment opportunities or change the functioning of the capital markets, and there is the possibility of a severe worldwide economic downturn. Consequently, a Fund could not be capable of, or successful at, preserving the value of its assets, generating positive investment returns or effectively managing risks.

Future Legislative and Regulatory Actions. There continue to be discussions regarding enhanced governmental scrutiny and increased regulation of the private equity industry. New laws and regulations, changing regulatory schemes and the burdens of regulatory compliance with respect to a Fund, the Firm, or any related entity all could have a material negative impact on the performance of a Fund and portfolio companies. Such legislation and regulations could, directly or indirectly, (i) require the Firm to provide reports and other disclosure to Investors, counterparties, creditors and regulators, (ii) cause the Firm to alter its management of a Fund, including for the purposes of avoiding increased regulatory burdens, (iii) limit the types and structures of the investments available to a Fund, including limitations on the use of leverage, or (iv) otherwise change or restrict the operations of a Fund.

Increasing scrutiny of private equity firms (along with other alternative asset managers) by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, could complicate or prevent a Fund's efforts to structure, consummate or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund could invest in fewer transactions or incur greater expenses or delays in completing or exiting investments.

United Kingdom's Exit from the European Union. Following the UK's withdrawal from the European Union ("Brexit"), the UK and the European Union ("EU") entered into a free trade agreement on January 1, 2021 to govern their future relationship on a number of areas (the "Treaty"). Although the EU and the UK agreed to the Treaty, trade in goods and services between the UK and the EU is disrupted through the imposition of new customs checks and processes at the border. The UK's departure from the customs union and the single market has rendered its access to EU markets significantly more restricted than had previously been the case.

The Treaty does not cover the UK's future relationship with the EU on financial services. The EU and the UK have agreed a memorandum of understanding establishing a framework for regulatory cooperation in financial services, which does not include a new framework for mutual market access. While some EU directives contemplate access to EU markets by financial services firms established in countries deemed to have equivalent standards, even if UK domestic law continues to be equivalent to EU law (which is not guaranteed), there is no certainty that the EU will facilitate equivalence decisions. Where the EU makes such equivalence decisions, it could unilaterally revoke them at short notice. It is therefore expected that there will be disruption in all areas in which there is currently harmonizing EU legislation, because the current legal framework has ceased to apply to the UK with nothing to replace it unless and until the UK negotiates alternative arrangements with the EU and/or with individual member states.

The continuing consequences of Brexit could include significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and increased legal, regulatory or compliance burden for the Limited Partners, the Firm and/or Fund, each of which could have a negative impact on the operations, financial condition, returns or prospects of a Fund.

Following Brexit, an adverse effect on the tax treatment of Fund investments is possible. EU directives preventing withholding taxes being imposed on intra-group dividends, interest and royalties no longer apply to payments made into and out of the UK and certain domestic exemptions operating in EU member states to provide relief from similar withholding to entities in other EU member states will not apply to UK recipients. Accordingly, the UK's double tax treaty network with EU member states will need to be considered to the extent reliance was previously placed on these directives and/or domestic rules. The UK has a comprehensive treaty network to alleviate any concerns in this area but there could be some residual issues.

While the most immediate impacts on corporate transactions will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement could have an adverse impact on transactions, particularly those occurring in, or impacted by conditions in, the UK and elsewhere in Europe.

SEC Oversight. There can be no assurance that Firm and its advisory affiliates will avoid regulatory examination and possible enforcement actions in the future. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against a Fund, the Firm or the General Partner is small in monetary amount, those entities could be subject to adverse publicity relating to the investigation, proceeding or imposition of any such sanction. Any such investigation could be costly, distracting or time consuming for the Firm. There is also a risk that regulatory agencies in the United States and elsewhere will continue to adopt new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws or regulations.

Concentration of a Limited Number of Investments in a Limited Number of Industries. Funds intend to invest in a limited number of portfolio companies which will be concentrated in aerospace, defense, maritime, government and environmental industries and other specialized service or manufacturing industries. Concentration in a small number of portfolio companies in a few industries could involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. Each of the sectors on which the Funds concentrate is challenged by a number of factors, including rapidly changing market conditions and participants, new competing products and improvements in existing products. A Fund's portfolio companies will compete in this volatile environment. There is no assurance that products and services sold by portfolio companies will not be rendered obsolete or adversely affected by competing products and services, or that portfolio companies will not be adversely affected by other challenges. It is unlikely that instability, fluctuation or an overall decline within these industries will be balanced by investments in other industries not so affected. In the event that these industries as a whole decline, returns to the partners of the Funds could decrease.

Cybersecurity Breaches and Identity Theft. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and are expected to continue to increase in frequency in the future. The information and technology systems of the Firm or Fund's portfolio companies and their service providers could be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors or malfeasance by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes, earthquakes or terrorist incidents. If unauthorized parties gain access to such information and technology systems, or if personnel abuse or misuse their access privileges, they could be able to steal, publish, delete or modify private and sensitive information. Although the Firm has implemented, and a Fund's portfolio companies and service providers could implement, various measures to manage risks relating to these types of events, such measures could be inadequate and, if compromised, information and technology systems could become inoperable for extended periods of time, cease to function properly or fail to

adequately secure private information. Even with sophisticated prevention and detection systems, breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage could not be identified in a timely manner or at all, potentially resulting in further harm and precluding appropriate remediation. The Firm, Funds or their portfolio companies could have to make significant investments to fix or replace information and technology systems. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Firm, the Funds, portfolio companies or their service providers and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Limited Partners (and their beneficial owners) and the intellectual property and trade secrets of the Firm or portfolio companies. Such a failure could harm the reputation of the Firm, Funds or portfolio companies, require them to make a significant investment to remedy the effects of any such failures, subject any such entity and their respective affiliates to legal claims and adverse publicity and otherwise affect their business and financial performance. When such issues are present with regard to the issuer of securities in which a Fund invests, a Fund's portfolio investment in those securities could lose value.

Data Privacy and Protection. Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties which could materially and adversely affect the result of operations of a portfolio company.

Portfolio companies are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs could increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

The General Data Protection Regulation (EU 2016/679) (the "GDPR") came into effect on May 25, 2018. The GDPR is binding on data controllers and data processors in all EEA member states. The GDPR notably has a significant impact on data controllers and data processors with an establishment in the EEA. The GDPR also has significant extra-territorial reach and impact on data controllers and data processors that offer goods or services to EEA data subjects or monitor EEA data subjects' behavior within the EEA. The regime imposes stringent operational requirements on both data controllers and data processors and imposes significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. Following Brexit, the UK passed the Data Protection Act 2018 which substantially continued the application of GDPR in the UK.

The current ePrivacy Directive will also be repealed by the EU Commission's Regulation on Privacy and Electronic Communications (the "ePrivacy Regulation"), which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy. The legislative process for the ePrivacy Regulation was significantly delayed and is still in the process of being finalized. It is currently expected that the ePrivacy Regulation will likely not enter into force before 2024. The recently adopted EU Digital Services Act and Digital Markets Act, which come into operation between 2023 and 2024, and the proposed Artificial Intelligence Act, which looks likely to enter into force sometime in 2024, contain further measures regulating the processing of data in ways that complement GDPR and the ePrivacy Regulation.

The U.S. is going through a period of active consideration of additional data privacy and cybersecurity laws. These include the passage of the California Consumer Privacy Act (the "CCPA"), effective January 1, 2020; the New York SHIELD Act, aspects of which took effect on October 23, 2019 and other aspects of which took effect March 21, 2020; California Privacy Rights and Enforcement Act, effective January 1, 2023; the Virginia Consumer Data Protection Act, effective January 1, 2023, and the Colorado Privacy Act, effective July 1, 2023, a range of proposed

additional laws in, New York, Massachusetts, Florida, Washington and other states; and a range of proposed additional laws at the federal level. The cumulative effects of the CCPA and other recently adopted laws include an increased ability of individuals, relative to companies, to control the use of their personal data; increased obligations of companies to maintain the security of data; and increased exposure to fines or damages for companies that do not accord individuals their specified privacy rights, that experience data breaches or that do not maintain cybersecurity at certain levels of quality.

Many other jurisdictions around the world have or are in the process of introducing comprehensive privacy, data protection and information security laws. Many of these laws have broad, extra-territorial application and impose significant compliance burdens and consequences for non-compliance.

Compliance with current and future privacy, data protection and information security 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. A failure to comply with such laws could result in fines, sanctions or other penalties, or injunctions, which could materially and adversely affect reputation of the Firm or Fund operations and overall business results.

Freedom of Information Act Disclosure Requirements. Some Limited Partners are public pension plans and listed investment vehicles which are subject to public disclosure requirements. Such public disclosure requirements include the U.S. Freedom of Information Act (“FOIA”), governmental public records access laws, state and other jurisdiction’s laws similar in intent or effect to FOIA, and any other similar statutory or regulatory requirements. The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend could continue. Accordingly, a Limited Partner subject to public disclosure requirements or any of such Limited Partner’s affiliates could be required to disclose information relating to a Fund, its affiliates or any entity in which an investment is made, which could have an adverse effect on a Fund. To the extent that disclosure of confidential information relating to a Fund, or its investments, results from limited partnership interests being held by public investors, a Fund could be adversely affected. On certain occasions, a General Partner could determine that, as a result of FOIA, any governmental public access law, any state or other jurisdiction’s laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, a Limited Partner or any of such Limited Partner’s affiliates could be required to disclose information relating to a Fund, its affiliates or any entity in which an investment is made (other than certain fund-level, aggregate performance information). The relevant General Partner could also determine that such a disclosure from a Limited Partner could, for example, affect a Fund’s competitive advantage in finding attractive investment opportunities; for that reason, the General Partner could, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Limited Partner, as more fully described in the respective partnership agreement. Without limiting the foregoing, in the event that any party seeks the disclosure of information relating to a Fund, its affiliates or any entity in which an investment is made under FOIA or any such similar law, the General Partner of the Fund could, in its discretion, initiate legal action or otherwise contest such disclosure, which could or could not be successful, and any expenses incurred therewith will be borne by a Fund. In addition, potential future regulatory changes applicable to investment advisers or the accounts they advise could result in the Firm or Funds becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain.

Risks Associated with Investments in Defense and Related Industries. The aerospace, defense, maritime, government and environmental industries and other specialized service or manufacturing industries currently are subject to, and could become subject to additional regulation by, one or more U.S. federal agencies and by various agencies of the states, localities and counties in which they operate. New and existing regulations, changing regulatory

schemes and the burdens of regulatory compliance all could have a material negative impact on the performance of portfolio companies, increase costs and otherwise alter the way a Fund and its portfolio companies conduct their business, any of which would have an adverse effect on the performance of a Fund. On the other hand, if the regulations in these industries are loosened, this would remove one of the barriers to entry and could result in a Fund's portfolio companies losing market share. In addition, each of these sectors and the various products they produce is dependent on whether the U.S. government views them as a "priority" with respect to its federal budget allocation or otherwise. If the U.S. government chooses to prioritize other industries, products or programs over those in which a Fund has an interest, this could have a material negative impact on the performance of a Fund's portfolio companies.

Difficulty of Locating Suitable Investments and Competition. Limited Partners must rely on the General Partners' and the Firm's ability to identify, structure and implement investments consistent with Fund investment objectives and policies. There can be no assurance that there will be a sufficient number of suitable investment opportunities satisfying a Fund's investment objectives to enable a Fund to invest all of its committed capital, or that such investment opportunities will lead to completed investments by a Fund. Identification of attractive investment opportunities is difficult. Furthermore, the availability of investment opportunities generally will be subject to market conditions and the prevailing regulatory and economic climate.

The business of the Funds is highly competitive and involves a high degree of uncertainty. Although the Firm has been successful in identifying suitable investments in the past, the Funds will be competing for investments against other groups, including direct investment firms, merchant banks and industrial groups, and the Firm could be unable to identify a sufficient number of attractive investment opportunities for Funds to meet their investment objectives. In addition, there are many funds with similar investment objectives to the Funds that have been, and are likely to be, formed by other unrelated parties. Other investors could make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Firm or the General Partners. There can be no assurance that a Fund will be able to locate, complete and exit investments which satisfy its rate of return objectives, or realize upon their values, or that it will be able to invest fully its committed capital.

Middle Market Companies. Investments in middle market companies often entail larger risks than are customarily associated with investments in large companies. Middle market companies typically could have more limited product lines, addressable markets and financial resources, and could be dependent on a smaller management group. As a result, such companies could be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth could be dependent on additional financing, which could not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which could make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies, could make it difficult for a Fund to react quickly to negative economic or political developments.

Risks Related to Investments in Loans. A Fund or its affiliates could invest in first lien senior secured, second and third lien loans and any other loans, either through primary issuances or in secondary transactions, including potentially on a syndicated basis. While some of the loans could be secured, a Fund or its affiliates could also invest in debt or preferred equity securities that are either unsecured or subordinated to substantial amounts of senior indebtedness. In such instances, the ability of a Fund or its affiliates to influence a company's affairs, especially during periods of financial distress or following an insolvency is likely to be substantially less than that of senior

creditors. For example, under terms of intercreditor or other subordination agreements, senior creditors are typically able to block the acceleration of the debt or other exercises by a Fund or its affiliates of its rights as a junior creditor. Accordingly, at times a Fund or its affiliates could not be able to take the steps necessary to protect its investments in a timely manner or at all. In addition, the debt securities in which a Fund or its affiliates could invest could not be protected by financial covenants or limitations upon additional indebtedness, which could be *pari passu* or senior to it, could have limited liquidity and could not be rated by a credit rating agency.

The issuers of the securities in which a Fund or its affiliates invests could seek the protections afforded by bankruptcy, insolvency and other debtor relief laws. Additionally, the numerous risks inherent in the insolvency process create a potential risk of loss by a Fund or its affiliates of its entire investment in any particular company. Insolvency laws could, in certain jurisdictions, result in a restructuring of the debt without a Fund or its affiliates' consent under the "cramdown" provisions of applicable insolvency laws and could also result in a discharge of all or part of the debt without payment to a Fund or its affiliates.

Debt securities are also subject to other risks, including (a) the possible invalidation of an investment transaction as a "fraudulent conveyance," (b) the recovery of liens perfected or payments made on account of a debt in the period before an insolvency filing as a "preference," (c) equitable subordination claims by other creditors, (d) so called "lender liability" claims by the issuer of the obligations and (e) environmental liabilities that could arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of the Fund or its affiliates' investment in any such company. A Fund or its affiliates' investments could be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the company repaying the principal on an obligation held by a Fund or its affiliates earlier than expected.

The value of a Fund or its affiliates' loans could be detrimentally affected to the extent a borrower defaults on its obligations. There can be no assurance that the value assigned by the applicable General Partner to collateralize an underlying loan can be realized upon liquidation, nor can there be any assurance that any such collateral will retain its value. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause a Fund or its affiliates' security interest in the loan's collateral to be invalidated. Also, such collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which could limit the number of potential purchasers if JFLCO intends to liquidate such collateral. The amount realizable with respect to a loan could be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. Finally, there could be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral.

First Lien Senior Secured Loans. It is expected that when a Fund or its affiliates makes a senior secured term loan investment, it will generally take a security interest in substantially all of the available assets of the company, including the equity interests of its domestic subsidiaries but excluding certain customarily excluded assets, which a Fund or its affiliates expects to help mitigate the risk that it will not be repaid. However, there is a risk that the collateral securing the Fund or its affiliates' loans could decrease in value over time, could be difficult to sell in a timely manner, could be difficult to appraise and could fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the company to raise additional capital, and, in some circumstances a Fund or its affiliates' lien could be subordinated to claims of other creditors. In addition, deterioration in a company's financial condition and prospects, including its inability to raise additional capital, could be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured

does not guarantee that a Fund or its affiliates will receive principal and interest payments according to the loan's terms, or at all, or that it will be able to collect on the loan should it be forced to enforce its remedies.

Second Lien Senior Secured Loans and Junior Debt Investments. Second and third lien loans (e.g., junior debt investments) are subject to the same investment risks generally applicable to the first lien senior secured loans described above. Generally, second lien loans will be subordinated to first lien loans and junior debt investments, such as mezzanine loans, will be subordinated to both first lien and second lien loans and either have junior security interests or be unsecured. As such, to the extent a Fund or its affiliates holds second lien loans and junior debt investments in a company, holders of first lien loans of that company could be repaid before a Fund or its affiliates in the event of a bankruptcy or other insolvency proceeding. Therefore, second and third lien loans are subject to additional risk that the cash flow of the related obligor and the property securing the second or third lien loan could be insufficient to repay the scheduled payments to the lender after giving effect to any senior secured obligations of the related obligor. This could result in an above average amount of risk and loss of principal.

A Fund or its affiliates portfolio could include unsecured loans. Unsecured loans are subject to the same investment risks generally applicable to loans described above but are subject to additional risk that the assets and cash flow of the related obligor could be insufficient to repay the scheduled payments to the lender after giving effect to any secured obligations of the obligor. Unsecured loans will be subject to certain additional risks to the extent that such loans could not be protected, and such loans are not secured by collateral, financial covenants or limitations upon additional indebtedness.

Furthermore, under most loan agreements, should a holder of an interest in a syndicated loan wish to call a default or exercise remedies against a borrower, it could not do so without the agreement of at least a majority of the other lenders. Actions could also be taken by a majority of the other lenders, or in some cases, a single administrative agent, without the consent of all lenders. Each lender would nevertheless be liable to indemnify the administrative agent for its ratable share of expenses or other liabilities incurred in such connection and, generally, with respect to the administration and any renegotiation or enforcement of the loans. Moreover, an assignee or participant in a loan could not be entitled to certain gross-up payments in respect of withholding taxes and other indemnities that otherwise might be available to the original holder of the loan.

A Fund or its affiliates could acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, a Fund or its affiliates could not have the right to vote on matters requiring a vote of holders of the underlying debt and could have no right to enforce compliance by the borrower with the terms of the loan agreement, or any rights of set-off against the borrower, and a Fund or its affiliates could not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, if a Fund or its affiliates were to hold a participation, it would assume the credit risk of both the borrower and the institution selling the participation to a Fund or its affiliates. In certain circumstances, investing in the form of participation could be the most advantageous or only route for a Fund or its affiliates to make or hold any such investment, including in light of limitations relating to local laws or the willingness of administrative agents or borrowers to allow a Fund or its affiliates to become a direct lender.

Finally, loans could become non-performing for a variety of reasons. Non-performing debt obligations could require

substantial workout negotiations, restructuring or bankruptcy filings that could entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity.

High Yield Debt. A Fund or its affiliates could invest in debt securities that could be classified as “higher-yielding” (and, therefore, higher-risk) debt securities, including, but not limited to cash pay bonds, zero-coupon bonds, payment in kind securities, and convertible securities. In most cases, such debt will be rated below “investment grade” or will be unrated and will face both ongoing uncertainties and exposure to adverse business, financial or economic conditions and the portfolio company’s failure to make timely interest and principal payments. The market for high yield securities has experienced periods of volatility and reduced liquidity. High yield securities could or could not be subordinated to certain other outstanding securities and obligations of the portfolio company, which could be secured by all or substantially all of the portfolio company’s assets. High yield securities could also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these debt securities could reflect individual corporate developments. General economic recession or a major decline in the demand for products and services in the industry in which the borrower operates would likely have a materially adverse impact on the value of such securities or could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the value and liquidity of these high yield debt securities.

Mezzanine Investments. A Fund or its affiliates mezzanine investments (if any) are expected to be unsecured and made in companies whose capital structures have significant indebtedness ranking ahead of the investments, all or a significant portion of which could be secured. While the investments could benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and could benefit from cross-default provisions and security over the company’s assets, some or all such terms could not be part of particular investments. Moreover, the ability of a Fund or its affiliates to influence a portfolio company’s affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Mezzanine investments generally are subject to various risks, including, without limitation: (a) a subsequent characterization of an investment as a “fraudulent conveyance”; (b) the recovery as a “preference” of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (c) equitable subordination claims by other creditors; (d) so-called “lender liability” claims by the issuer of the obligations; and (e) environmental liabilities that could arise with respect to collateral securing the obligations.

Origination activities. A Fund or its affiliates could engage in the origination of debt with respect to a portion of its portfolio. If a Fund or its affiliates engages in such activities, they will be subject to applicable laws in each jurisdiction (including each US state) in which such activities take place. Such laws can in certain jurisdictions, particularly outside the United States, be highly complex and could include licensing requirements. If applicable, such licensing processes can be lengthy and could subject a loan originator to increased regulatory oversight. In some instances, the process for obtaining a required license or exception certificate could require disclosure to regulators or to the public of information about a Fund or its affiliates, their direct or indirect investors, their loans, their business activities, their management or controlling persons or other matters. Such disclosures could provide competitors with information that allows them to benefit at the expense of a Fund or its affiliates, which could have a material adverse effect on a Fund or its affiliates. Failure, even if unintentional, to comply fully with applicable laws could result in sanctions, fines, or limitations on the ability of a Fund or its affiliates or affiliates of the foregoing to do business in the relevant jurisdiction or to procure required licenses in other jurisdictions, all of which could have a material adverse effect on a Fund or its affiliates.

The market for originating debt financing is highly competitive, and a Fund or its affiliates could be unable to compete effectively with other market participants for origination opportunities. JFLCO could compete for opportunities with public and private investment funds, commercial and investment banks, and commercial finance companies. In general, the corporate, nonmortgage debt origination markets present relatively low barriers to entry, and significant competition.

Many current and potential competitors in the loan origination business are much larger than the size of a Fund or its affiliates' expected loan origination investments and, accordingly, have far greater financial, technical, marketing, and other resources. A Fund or its affiliates will be subject to various elements of competition, including interest rates and financing costs; origination standards; convenience; customer service; the size, term, and seniority of financing arrangements; and marketing and distribution channels. Price pressure from competitors (including market participants that are not directly originating loans) could cause a Fund or its affiliates to lower the interest rates that they charge borrowers, which consequently could lower the value of a Fund or its affiliates' loans. Further, if competitors adopt less stringent loan origination standards to maintain their loan origination volume, a Fund or its affiliates could elect to do so as well. If a Fund or its affiliates adopts less stringent loan origination standards, a Fund or its affiliates will bear increased risk for each loan originated under such less stringent standards, which could not be compensated by an increase in price. Alternatively, a Fund or its affiliates could determine not to adopt less stringent origination standards in this competitive environment, which decision could result in a loss of market share. Increased pressure on pricing and origination opportunities likely would reduce the volume and quality of a Fund or its affiliates' origination activity and materially adversely affect a Fund or its affiliates. From time to time there could be influxes of capital directed at lending to smaller borrowers, which could result in a tendency by the highest quality borrowers to borrow from sources other than a Fund or its affiliates such that a Fund or its affiliates' origination opportunities and their eventual portfolio include a disproportionate number of lower quality borrowers or issuers, exacerbating some of the risks outlined here.

Some competitors could have higher risk tolerances or different risk assessments than a Fund or its affiliates. Some competitors could have a lower cost of funds and access to more stable funding sources that are not available to a Fund or its affiliates. These competitive pressures could have a material adverse effect on a Fund or its affiliates.

Limited Amortization Requirements. A Fund or its affiliates could invest in loans that have limited mandatory amortization requirements. While these loans could obligate an issuer to repay the loan out of asset sale proceeds, with annual excess cash flow or by refinancing upon maturity, repayment requirements could be subject to substantial limitations that would allow an issuer to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment could increase the risk that an issuer will not be able to repay or refinance the loans held by a Fund or its affiliates when it matures.

Default and Recovery Rates of Loans and High Yield Securities. There are varying sources of statistical default and recovery rate data for loans and high yield securities and numerous methods for measuring default and recovery rates. The historical performance of the high yield market or the leveraged loan market referred to herein is not necessarily indicative of its future performance.

Credit Rating. Rating agencies rate debt securities based upon their assessment of the likelihood of the receipt of principal and interest payments. Rating agencies do not consider the risks of fluctuations in market value or other factors that could influence the value of debt securities. Therefore, the credit rating assigned to a particular instrument could not fully reflect the true risks of an investment in such instrument. Credit rating agencies could change their

methods of evaluating credit risk and determining ratings. These changes could occur quickly and often. While a Fund or its affiliates could give some consideration to ratings, ratings could not be indicative of the actual credit risk of a Fund or its affiliates investments in rated instruments.

Credit Risk. One of the fundamental risks associated with a Fund or its affiliates credit investments is credit risk, which is the risk that a company will be unable to make principal and interest payments on its outstanding debt obligations when due. A Fund or its affiliates' return to Investors would be adversely impacted if an issuer of debt in which a Fund or its affiliates invests becomes unable to make such payments when due.

Although a Fund could make investments that the applicable General Partner reasonably believes are secured by specific collateral, the value of which could initially exceed the principal amount of such investments or the Fund's fair value of such investments, there can be no assurance that, in the event of non-payment of scheduled interest or principal payments with respect to such investment, the collateral could be readily liquidated or the liquidation of any such collateral would satisfy the borrower's outstanding obligations. A Fund or its affiliates could also invest in leveraged loans, high yield securities, marketable and non-marketable preferred equity securities, and other unsecured investments, each of which involves a higher degree of risk than senior secured loans. Furthermore, a Fund or its affiliates' right to payment and its security interest, if any, could be subordinated to the payment rights and security interests of a senior lender, to the extent applicable. Certain of these investments could have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, loans could provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, a portfolio company's ability to repay the principal of an investment could depend on a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

With respect to a Fund or its affiliates investments in any number of credit products, if the borrower or issuer breaches any of the covenants or restrictions under its credit facilities, it could result in a default under the applicable indebtedness, including the indebtedness held by a Fund or its affiliates. Such default could allow the applicable creditors to accelerate the related debt and could result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. This could result in an impairment or loss of a Fund or its affiliates' investment or a repayment (in whole or in part) of a Fund or its affiliates' investment.

Similarly, while a Fund or its affiliates will generally target investing in companies it believes are of high quality, these companies could still present a high degree of business and credit risk. Companies in which a Fund or its affiliates invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or the continuation or worsening of the current (or any future) economic and financial market downturns and dislocations. As a result, companies that JFLCO expects to be stable or improve could operate, or expect to operate, at a loss or have significant variations in operating results, could require substantial additional capital to support their operations or maintain their competitive position, or could otherwise have a weak financial condition or experience financial distress. In addition, exogenous factors such as fluctuations of the equity markets also could result in warrants and other equity securities or instruments owned by a Fund or its affiliates becoming worthless.

Prepayment Risk. Loans could be callable at any time subject to call protections and certain loans could be allocable at any time at no premium to par. The General Partner of the applicable Fund is generally unable to predict the rate and frequency of such repayments. Whether a loan is called will depend both on the continued positive performance of the issuer and the existence of favorable financing market conditions that allow such issuer the ability to replace existing financing with less expensive capital. As market conditions change frequently, the applicable

General Partner will often be unable to predict when, and if, this could be possible for each of the portfolio companies in which a Fund or its affiliates invest. In the case of some of these loans, having the loan called early could have the effect of reducing a Fund or its affiliates' actual investment income below its expected investment income if the capital returned cannot be invested in transactions with equal or greater yields.

Interest Rate Risk. General interest rate fluctuations and changes in credit spreads on floating rate loans could have a substantial negative impact on the Fund's investments and investment opportunities and, accordingly, could have a material adverse effect on rate of return on invested capital, net investment income and net asset value. Certain of a Fund's debt investments could have variable interest rates that reset periodically based on benchmarks such as the secured overnight financing rate ("SOFR") and the prime rate, so an increase in interest rates from their present levels can make it more difficult for companies to service their obligations under the debt investments that the Fund might hold. In addition, to the extent a Fund borrows money to make investments, its returns will depend, in part, upon the difference between the rate at which it borrows funds and the rate at which it invests those funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on the such Fund's net investment income to the extent it uses debt to finance its investments. In periods of rising interest rates, a Fund's cost of funds would increase, which could reduce its net investment income. In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. The U.S. Federal Reserve recently held benchmark interest rates steady and is contemplating cuts which can provide additional opportunities for JFLCO however, it is possible that rate changes could adversely affect the value of a Fund's investments.

Benchmark Rate Risks for Floating Rate Loans. London inter-bank offered rates ("LIBOR") is the basic rate of interest used in lending transactions between banks on the London interbank market and has been widely used as a reference for setting the interest rate on loans globally. Funds and their affiliates generally expect to use an alternative reference rate as the reference rate in term loans they extend to companies such that the interest due to them pursuant to a term loan extended to a company is calculated using the alternative reference rate. The terms of such debt investments generally include minimum interest rate floors which are calculated based on the applicable alternative reference rate.

On March 5, 2021, the United Kingdom's Financial Conduct Authority announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative (a) immediately after December 31, 2021 for all four non-U.S. dollar ("USD") LIBORs (British Pound, Euro, Swiss Franc and Japanese Yen) and for one-week and two-month USD LIBOR settings and (b) immediately after June 30, 2023 for the remaining USD LIBOR settings. In addition, in connection with supervisory guidance from U.S. regulators, some U.S. regulated entities will cease to enter into most new LIBOR contracts after January 1, 2022. Central banks and regulators in a number of major jurisdictions (for example, United States, United Kingdom, European Union, Switzerland, and Japan) have convened working groups to find, and implement the transition to, suitable replacements for LIBOR. To identify a successor rate for USD LIBOR, the Alternative Reference Rates Committee ("ARRC"), a U.S.-based group convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York, was formed. The ARRC has identified SOFR, or other rates derived from SOFR, as its preferred alternative rate for USD LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or other reforms to LIBOR or any other

alternative reference rates that could be enacted in the United States, United Kingdom or elsewhere.

The elimination of LIBOR, the adoption of one or more alternative reference rates such as SOFR or any other changes or reforms to the determination or supervision of LIBOR or any of these alternative reference rates could have an adverse impact on the market for or value of any securities, loans, and other financial obligations or extensions of credit held by or due to applicable Fund investments linked to any such reference rate or on such Fund's overall financial condition or results of operations. In addition, a Fund could need to renegotiate any credit agreements extending beyond 2021 with companies that utilize LIBOR as a factor in determining the interest rate that could be in place at such time, to replace LIBOR with an alternative reference rate, which could have an adverse effect on such Fund's overall financial condition or results of operations. Following the replacement of LIBOR or as a result of using any alternative reference rate, some, or all of a Fund's or their affiliate's credit agreements in place at such time could bear interest a lower interest rate than would have otherwise been in effect had use of LIBOR continued, which could have an adverse impact on results of operations. Moreover, a Fund or its affiliates could need to renegotiate certain terms of its credit facilities in place at such time. If they are unable to do so, amounts drawn under such credit facilities could bear interest at a higher rate, which would increase the cost of borrowings and, in turn, affect results of operations.

Leverage. A Fund could incur indebtedness for purposes of financing its investment related activities. Any such indebtedness would be recourse to the assets of such Fund but would not be guaranteed by the Firm. Although a Fund will seek to use leverage in a manner it believes is prudent, such indebtedness will increase the exposure of the Fund to adverse economic factors such as rising interest rates or decreases in value in the holdings of such company. Leveraged investments are inherently more sensitive to declines in value and a Fund could be more sensitive to economic downturns because of its leverage.

Unspecified Use of Proceeds. Investors will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments by a Fund. No assurance can be given that Funds will be successful in obtaining suitable investments or that, if the investments are made, the objectives of the Funds will be achieved.

Restrictions on Transfer and Withdrawal. The Interests have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the interests, and none is expected to develop. In addition, the interests are generally not transferable to non-affiliated transferees except with the consent of the applicable General Partner, which generally could be withheld by the relevant General Partner in its sole discretion and are subject to the terms and conditions of the relevant partnership agreement. The General Partner of a Fund could withhold its consent, among other reasons, based on its determination that the transfer could not be in the best interest of JFLCO, a Fund, its investments, its General Partner or Limited Partners. For example, the relevant General Partner could structure certain investments taking into account the status and attributes of the General Partner and the Limited Partners and accordingly the General Partner could withhold its consent to a transfer where the change in the status and attributes of the General Partner and the Limited Partners following a proposed transfer could have adverse effects on a Fund, its investments, the General Partner or the Limited Partners. Limited Partners generally could not withdraw capital from a Fund. Consequently, Limited Partners could not be able to liquidate their investments prior to the end of a Fund's term and must be prepared to bear the risks of owning interests for an extended period of time.

Exclusion from Investments. The applicable General Partner could, in its sole discretion, exclude a particular Limited Partner from participating in all or any part of a proposed investment. Such General Partner could require an

additional funding of contributions from the other partners of the Fund, up to the amount of their respective unfunded capital commitments, to fund the shortfall caused by the excused Limited Partner. If any Limited Partner is excused from a portfolio investment, the applicable General Partner could elect in its sole discretion to make the investment without the participation of the excused Limited Partner or not to make an investment. A Limited Partner will also have the right to be excused from participating in an investment under certain circumstances. In such case, each other Limited Partner of such Fund and the applicable General Partner (other than any other Limited Partner also excused from such investment) will have an increased share in the investment to which such exclusion or excuse relates in proportion to their respective capital commitments, and the risks associated with such investments will be exacerbated for such Limited Partners and General Partner.

Liability of Limited Partners. Funds are organized as Delaware limited partnerships. A Limited Partner will not be personally liable for the debts of a Fund except to the extent provided in the partnership agreement and except that, in the event that a Fund is otherwise unable to meet its obligations, each Limited Partner of such Fund could, under Delaware law, be obligated to repay amounts previously received by such Limited Partner to the extent that such amounts are deemed to have been wrongfully distributed to such Limited Partner.

The Delaware Revised Uniform Limited Partnership Act (“RULPA”) provides that if a limited partner of a Delaware limited partnership knowingly receives a distribution from a limited partnership in violation of such statute, such limited partner is liable to the limited partnership for the amount of the distribution. The liability of a limited partner continues for three years after the date of the distribution. A distribution would violate RULPA to the extent that, at the time of the distribution by a Fund, after giving effect to the distribution, the liabilities of a Fund, other than liabilities to Investors on account of their interests and liabilities for which the recourse of creditors is limited to specified property of a Fund, exceed the fair value of the assets of a Fund (except that the fair value of property that is subject to a liability for which the recourse of creditors is limited is included in the assets of a Fund only to the extent that the fair value of the property exceeds that liability).

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

Dependence on Key Personnel. The success of a Fund depends in substantial part on the skill and expertise of the managing partners of the Firm (the “Managing Partners”) and other employees of the Firm. The Managing Partners and other employees of the Firm will devote such time as shall be necessary to conduct the business affairs of a Fund in an appropriate manner. JFLCO personnel will work on other projects, including existing JFLCO funds and their investments. Such personnel will also serve as members of the boards of directors of various companies other than a Fund’s portfolio companies. Conflicts could arise as a result of such other activities. The possibility also exists that such companies could engage in transactions which would be suitable for a Fund, but in which a Fund might be unable to invest. In addition to the foregoing, there can be no assurance that the Managing Partners or other employees of the Firm will continue to be employed by the Firm throughout the life of a Fund. The loss of key personnel could have a material adverse effect on the Funds. There is ever-increasing competition among alternative asset managers, financial institutions, private equity firms, financial sponsors, investment managers and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that the Managing Partners or other employees of the Firm will not be solicited by and join competitors or other firms, or that the Firm

will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals.

No Right to Control Fund Operations. Limited Partners will have no opportunity to control the day-to-day operations of the Funds, including investment and disposition decisions. In order to safeguard their limited liability for the liabilities and obligations of a Fund, Limited Partners must rely entirely on the relevant General Partner and Firm to conduct and manage, respectively, the affairs of a Fund.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to Investors within the European Economic Area (“EEA”). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) a Fund could be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which could result in a Fund incurring additional costs and expenses, (ii) a Fund or their General Partner could become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which could result in a Fund incurring additional costs and expenses or otherwise affect the management and operation of a Fund, (iii) a General Partner could be required to make detailed information relating to a Fund and its investments available to regulators and third parties, and (iv) the AIFMD could also restrict certain activities of a Fund in relation to EEA portfolio companies including, in some circumstances, a Fund’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which could in turn affect operations of a Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to Investors based in those jurisdictions, which could make it more difficult for a Fund to raise its targeted amount of capital.

Risks Relating to Due Diligence of, and Conduct of, Portfolio Companies. Before making investments, JFLCO will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence could entail evaluation of complex business, financial, tax, accounting, actuarial, technology, environmental, legal, and other issues. External legal advisors, accountants, consultants, investment banks, and other third parties (together, the “Third Parties”) are involved in the due diligence process to varying degrees depending on the type of investment. If JFLCO is unable to timely engage such Third Parties, the ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, JFLCO will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, such Third Parties’ investigations. The due diligence that JFLCO carries out with respect to any investment opportunity could not reveal or highlight all relevant facts that could be necessary or helpful in evaluating such investment opportunity. No assurance can be given as to the accuracy or completeness of the information provided by such Third Parties, and a Fund could incur liability as a result of such Third Parties’ actions. In addition, at times, a Fund’s transaction opportunities will require rapid execution, and investment analyses and decisions by JFLCO or the applicable General Partner could frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to JFLCO at the time of making an investment decision could be limited, and JFLCO could not have access to detailed information regarding the investment. Therefore, no assurance can be given that JFLCO will have knowledge of all circumstances that could adversely affect an investment. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that JFLCO, any of its affiliates, or a Fund will be able to detect or prevent irregular accounting, employee misconduct, or other fraudulent practices (including, without limitation, violations of applicable anti-

bribery laws, including the U.S. Foreign Corrupt Practices Act (“FCPA”) and the UK Bribery Act) during the due diligence phase or during its efforts to monitor an investment on an ongoing basis. In the event of fraud by any portfolio company or any of its affiliates, a Fund could suffer a partial or total loss of capital invested in that portfolio company. Under certain circumstances, payments or distributions to a Fund could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance.

Environmental, Social and Governance Matters. Consideration of Environmental, Social and Governance (“ESG”) factors could increase a Fund’s exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact such Fund’s performance to the extent there is underperformance in such companies, sectors, regions, countries or investments. Applying ESG goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by JFLCO or any judgment exercised by JFLCO in making an investment decision on behalf of a Fund will reflect the ESG-related beliefs or values of any particular investor or group of Investors. In evaluating an investment, JFLCO is dependent upon information and data obtained through voluntary or third-party reporting that could be incomplete, inaccurate or unavailable, which could cause JFLCO’s assessment of an investment’s ESG practices and/or related risks and opportunities to be incorrect. In addition, JFLCO makes investment decisions based on circumstances as they exist at the time the investment is made. Developments within or otherwise impacting an investment that take place subsequent to a Fund’s investment, might not conform to JFLCO’s expectations regarding ESG (for example, but not by limitation, a portfolio company could pivot in its use of technology or change its business plan in a manner that is not consistent with and conflicts with, a Fund’s ESG objectives and expectations in respect of a Fund’s investment in the company). ESG-related investment practices and applicable regulatory regimes and considerations differ by region, sector and issue and are continually evolving and accordingly, a portfolio company’s ESG-related practices or JFLCO’s assessment of such practices are likely to change over time.

Limited Partner Due Diligence; Risks Relating to Information. Due in part to the fact that prospective investors could ask different questions and request different information, the General Partner or JFLCO could provide certain information to one or more prospective Investors that it does not provide to all investors.

Material Nonpublic Information. From time to time, a General Partner, JFLCO, the Limited Partners and any of their respective affiliates could come into possession of material nonpublic information concerning a portfolio company in which a Fund has invested or proposes to invest. While JFLCO could choose to withhold material non-public information from Limited Partners (or could be restricted in its ability to share such information), JFLCO is under no obligation to do so and expects that reports and other communications with Limited Partners or the Advisory Committee of a Fund could include material non-public information regarding existing or prospective portfolio companies of a Fund or other entities. The possession of such information could (i) limit the ability of a General Partner or JFLCO to cause a Fund to buy or sell securities of such portfolio company and (ii) limit the ability of the Limited Partners to purchase or sell securities of such portfolio company or prohibit them from providing such information to any other person who effects or could effect such purchases or sales.

Misconduct of Employees and Third-Party Service Providers. Misconduct by employees of the Firm or by third-party service providers could cause significant losses to a Fund. Employee misconduct could include binding a Fund to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, could result in unknown and unmanaged risks or losses). Employee misconduct could also involve illegal or otherwise inappropriate acts that are not directly related

to a Fund or any portfolio companies but nonetheless have a material adverse impact (including reputational damage) on a Fund, its General Partner or their affiliates. Losses could also result from actions by third-party service providers, including, without limitation, failure to recognize trades and misappropriating assets. In addition, employees and third-party service providers might improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities. No assurances can be given that the due diligence performed by JFLCO will identify or prevent any such misconduct.

Risk Arising from Provision of Managerial Assistance. The General Partners will use reasonable efforts to conduct the affairs and operations of a Fund so as to (i) operate a Fund as a "venture capital operating company" within the meaning of the United States Department of Labor ("DOL") regulations (a "VCOC") from the date of a Fund's first portfolio investment, or (ii) limit investment in a Fund by "benefit plan investors" (within the meaning of the DOL regulations as modified by section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) to less than 25% of the interests in a Fund.

If a Fund decides to qualify as a VCOC, then it must obtain rights to participate substantially in and to influence substantially the conduct of the management of the majority (valued at cost) of a Fund's portfolio companies. In any event, a Fund typically seeks to designate directors to serve on the boards of directors of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of a Fund to claims by a portfolio company, its security holders and its creditors, including claims that a Fund is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims against the Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and could expose a Fund to claims that it has interfered in management to the detriment of a portfolio company. While the Firm intends to manage the Funds in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

Defined Benefit Pension Liabilities. Certain U.S. court decisions have increased the likelihood that a Fund could be jointly and severally liable with its portfolio companies for the portfolio companies' defined benefit pension liabilities. Under ERISA, a trade or business that owns at least 80% of another entity could be jointly and severally liable for that other entity's unfunded pension liabilities if the plan terminates or if the employer withdraws from contributing to the plan. A Federal appeals court decision has held that a private equity fund could be a "trade or business" for these purposes. Additionally, a federal district court held that the interests of two separate but affiliated investment funds could be aggregated for purposes of the 80% ownership test described above, treating the two funds as a single entity even where neither fund individually satisfied the 80% ownership test. (While the decision in that case was subsequently reversed by a federal circuit court of appeals, the reversal was based on a facts and circumstances analysis and the appeals court left open the possibility that two separate investment funds could, in other circumstances, be treated as a single entity for purposes of the 80% ownership test.) In acquiring portfolio companies with unfunded pension liabilities, both the risk of this liability being incurred as well as risk mitigation strategies will be evaluated and, in appropriate instances, this risk could cause a Fund not to pursue an otherwise attractive investment opportunity or to limit its ownership percentage (alone or combined with affiliated funds) to below the 80% threshold.

Litigation Risk. JFLCO, a Fund and its General Partner are subject to litigation risks and could face significant

liabilities and damage to their professional reputation as a result of litigation allegations and negative publicity. Such risks include potential regulatory and enforcement actions, litigation against the members of the boards of directors (or equivalent or analogous bodies) of a Fund's portfolio companies (which could include employees or agents of JFLCO or the applicable General Partner), litigation by shareholders or debt holders of portfolio companies and litigation with counterparties to transactions entered into by portfolio companies, a Fund and its General Partner. JFLCO and the General Partners are also exposed to risks of litigation or investigation in the event of any transactions that presented conflicts of interest that were not properly addressed. If any lawsuit resulted in a finding of substantial legal liability, the lawsuit could materially adversely affect the business, reputation, financial condition and/or operations of the General Partner, JFLCO and such Fund, which would in turn have a substantial adverse effect on potential returns to Investors.

In addition, the expense of litigation relating to a Fund, including paying any amounts pursuant to a settlement or judgment, would, absent certain disabling conduct by such person in connection with such claim, be borne by the relevant Fund and would reduce such Fund's returns. JFLCO, the relevant General Partner and others are indemnified by the relevant Fund in connection with such litigation, subject to the terms of the partnership agreement as discussed further below.

Consequences of Default. The consequences of defaulting on a capital call are material and adverse to the defaulting Limited Partner. If a Limited Partner fails to contribute any portion of its capital commitment when due, such Limited Partner will be subject to a number of remedies that could be available to the applicable General Partner, including, without limitation, forfeiture of a portion of its interests, loss of the right to receive certain distributions and to vote, and the incurrence of liability for all costs, expenses and/or damages resulting from its failure to contribute such capital. The applicable General Partner could require an additional funding of contributions from the non-defaulting Limited Partners of such Fund, up to the amount of their respective unfunded capital commitments, to fund the shortfall caused by the defaulting Limited Partner. In addition, to the extent such shortfall relates to a portfolio investment, the applicable General Partner could offer certain non-defaulting Limited Partners the opportunity to co-invest in such portfolio investment in an amount up to the shortfall. If a Limited Partner fails to fund any drawdown when due, and the capital commitments made by non-defaulting Limited Partners of the Fund are inadequate to cover the defaulted capital contribution, a Fund could be unable to pay its obligations when due. As a result, a Fund could be subject to penalties that could limit opportunities for investment diversification and materially and adversely affect the returns to the Limited Partners of such Fund.

Risks Upon Disposition of Investments. In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. Moreover, Funds are responsible for the contents of disclosure documents under applicable securities laws. Funds may be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements could result in contingent liabilities, which might ultimately have to be funded by the partners of such Fund. Partnership agreements contain provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the partners of such Fund to the extent that they have received distributions from a Fund, subject to certain limitations.

Difficulties Upon Exit. Fund investments will be subject to various risks, particularly the risk that a Fund will be unable to realize its investment objectives by sale or other disposition at attractive prices or be unable to complete any exit strategy. Dispositions of investments could be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the

terms that could be obtained upon any disposition thereof. There can be no assurance that a public market will develop for any of a Fund's investments or that a Fund will otherwise be able to realize such investments. Therefore, there can be no assurance that a Fund will realize net profits or achieve returns commensurate with the risks associated with its investments, or that a Fund will not experience losses in its investments, which could be substantial.

Performance Allocations. The fact that a General Partner's compensation is based on the performance of the applicable Funds creates an incentive for the relevant General Partner to cause a Fund to make investments that are more speculative than would be the case in the absence of performance-based compensation. However, this incentive is somewhat tempered by the fact that losses will reduce such Fund's performance and thus the General Partner's compensation.

Absence of Regulatory Oversight. While Funds could be considered similar in some ways to an investment company, it is not required and does not intend to register as such under the Investment Company Act, as amended and, accordingly, Limited Partners are not accorded the protections of the Investment Company Act. However, if the Funds were to become subject to the Investment Company Act because of a change in law or otherwise, the various restrictions imposed by the Investment Company Act and the substantial costs and burdens of compliance therewith could adversely affect the operating results and financial performance of the Funds. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the Investment Company Act could be entitled to cancel or otherwise void their contracts with the unregistered investment company. In addition, pursuant to an exemption from registration with the CFTC, the General Partners are not required to register with the CFTC as a commodity pool operator and thus is not required to deliver a disclosure document (as defined under the CFTC rules) to Investors or to comply with any of the other disclosure, reporting and recordkeeping requirements of the U.S. Commodity Exchange Act and the CFTC rules. Therefore, Limited Partners will not be afforded any of the protections of such acts or rules.

Reliance on Management of Portfolio Companies. While the Funds often invest in companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. While it is often the intent of the Firm to augment existing management teams by bringing in new management, there can be no assurance that such management can be recruited or will operate successfully. Although the Firm will monitor the performance of each investment, Funds rely upon management to operate the portfolio companies on a day-to-day basis.

Minority Investments. A Fund could make investments in which it has a minority position, and there can be no assurance that a Fund will be able to negotiate control provisions or otherwise exercise control in such situations. Disagreements with management or other shareholders could limit a Fund's ability to bring about operating, strategic or other changes in such companies and could limit exit opportunities. The success or failure of the investments will depend to a significant extent on the specific management team of the relevant portfolio company. In addition, a Fund could co-invest with nonaffiliated co-investors whose ability to influence the day-to-day management and affairs of portfolio companies could be significant and even greater than that of JFLCO or the Fund.

Uncertainty of Financial Projections. The General Partners will generally price transactions and structure portfolio companies on the basis of its financial projections, which will take into account (among other factors) market environment, views and assumptions on default rates, recoveries, interest rate movements and other technical market

factors. Projected operating results will be based primarily on the General Partners' subjective judgments informed by Third Parties' advice and reports. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections. There can be no assurance that the projected results will be obtained, and actual results could vary significantly from the projections.

Bankruptcy of Portfolio Companies. The Funds could make investments in portfolio companies that could experience financial difficulties and become insolvent or file for bankruptcy protection. Various U.S. and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of the Funds. There is also a risk that a court could subordinate a Fund's investment to other creditors or require such Fund to return amounts previously paid to it by a portfolio company that became insolvent or files for bankruptcy, a risk that could increase if a Fund has management rights in such portfolio company. There is no assurance that any such portfolio company will overcome or alleviate such financial difficulties. Such investments could, in certain circumstances, subject a Fund to additional potential liabilities, which could exceed the value of a Fund's original investment therein. In addition, under certain circumstances, payments to a Fund and distributions by a Fund to the Limited Partners of the Fund could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Investments in restructurings involving non-U.S. portfolio companies are typically subject to various laws enacted in the countries of their issuance for the protection of creditors. These considerations will differ depending on the country in which each portfolio company is located or domiciled.

Certain Effects of Default and Bankruptcy. Fund portfolio companies or their assets could be pledged to third parties, including senior lenders, and could be foreclosed upon or otherwise acquired by such parties under certain circumstances, including an incipient and/or unremedied default. In the event of the bankruptcy of a portfolio company, prior distributions to such Funds could be reclaimed if such prior payments are determined to have been "preference" payments under applicable bankruptcy and related laws and regulations.

Investment Leverage. Certain of the investments are expected to be in businesses with substantial levels of debt. Funds generally seek to make investments in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of fixed charges to available income. Although the General Partners will seek to use leverage in a manner it believes is prudent, the leveraged capital structure of such investments will increase the exposure of a portfolio company to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such portfolio company or its industry. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. Leveraging the capital structure of a portfolio company will mean that third parties, such as banks, could be entitled to the cash flow generated by such investments prior to a Fund receiving a return. The securities in which a Fund invests generally will be the most junior in what typically will be a complex capital structure, and thus subject to the greatest risk of loss. In addition, there can be no guarantee that debt facilities will be available at commercially attractive rates throughout the term of a Fund or when due for refinancing such that a Fund or the applicable portfolio company will be exposed to less favorable terms or rates upon a refinancing, or that any facilities negotiated will be fully utilized.

Fund Leverage. Funds are permitted to incur indebtedness for the purpose of financing any investment-related activities and to cover fund expenses. Funds could enter into one or more subscription-backed credit facilities or guarantees, and in connection therewith, could pledge the assets of such Fund and could make a collateral assignment to any lender or other credit party of a Fund of the applicable General Partner's rights to issue drawdown

notices and other related rights, titles, interests, remedies, powers, privileges of such Fund or its General Partner with respect to the capital commitments and rights to the capital contributions of the partners. Such indebtedness could be structured so that a Fund and any other parallel fund or alternative investment vehicles are jointly responsible, on a cross-collateralized basis, for the repayment of the indebtedness. In the event of a failure to pay or other event of default under any such indebtedness, the lenders could require the Limited Partners of such Fund to fund their entire remaining capital commitments even though a Fund was insolvent. In addition, in the event that the lenders require Limited Partners of a Fund whose capital commitments have been pledged to fund their capital commitment to repay indebtedness, the failure of certain of those Limited Partners to honor their capital commitments would result in the remaining Limited Partners' payments exceeding their pro rata share of the indebtedness. Moreover, the lenders could have the right to receive detailed due diligence and credit-related information regarding the Limited Partners; the General Partners reserve the right, in their sole discretion, to waive these requirements with respect to certain Limited Partners, which could have an adverse effect on a Fund's ability to obtain a credit facility or to obtain as favorable credit facility terms. Finally, lenders could require a Fund to sell some or all of its investments, or could foreclose on such investments, prematurely, causing such Fund to suffer losses. Although borrowing will increase investment returns if a Fund earns a greater return on the investments purchased with borrowed funds than it pays for use of those funds, borrowing will decrease the returns of a Fund if it fails to earn as much on investments purchased with borrowed funds as it pays for the use of those funds. Moreover, because the General Partners do not receive distributions of carried interest until a Limited Partner has received the "Preferred Return", the General Partners' ability to use leverage could provide an incentive for a General Partner to cause a Fund to use leverage in order to accelerate how quickly the Preferred Return is achieved, thereby allowing the General Partner to receive its carried interest earlier than it would absent a Fund's incurrence of such leverage.

Bridge Investments. From time to time, a Fund expects to make short-term investments or lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans could be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term securities could not be issued and such bridge loans could remain outstanding. To the extent a bridge financing is not repaid, refinanced or otherwise disposed of within the applicable period, the bridge financing will be treated as a permanent portfolio investment of a Fund. In the event of any such failure to dispose of a bridge investment, a Fund's exposure to such permanent portfolio investment could exceed the exposure the General Partner would otherwise deem appropriate for Fund portfolio construction or diversification.

Follow-On Investments. A Fund could be called upon to provide follow-up funding for its portfolio companies or have the opportunity to increase its investment in such portfolio companies. There can be no assurance that a Fund ultimately will make follow-on investments or that it will have sufficient funds to do so. Any decision by Funds not to make follow-on investments or inability to make them could have a substantial negative impact on a portfolio company in need of such an investment or could diminish a Funds ability to influence the portfolio company's future development.

Recycling; Reinvestment. The General Partners generally have the right to recall a portion of capital returned from investments as provided in the Fund's governing documents. Accordingly, during the term of a Fund, a Limited Partner of such Fund could be required to make capital contributions in excess of its commitment and to the extent such recalled or retained amounts are reinvested in new investments, a Limited Partner will remain subject to investment and other risks associated with such investments.

Side Letters. The General Partners or Funds may enter into other written agreements (“Side Letters”) with one or more Limited Partners. These Side Letters could entitle a Limited Partner to make Fund investments on terms other than those described in the partnership agreement or offering materials. Any such terms, including with respect to (i) opting out of particular investments or withdrawal rights from a Fund; (ii) reporting obligations of Funds, including the applicable General Partner’s agreement to extend certain information rights or additional reporting (including customized reports) to such Limited Partners; (iii) transfer to affiliates; (iv) waiver of certain confidentiality obligations; (v) co-investment opportunities; (vi) prior consent of the General Partner to certain transfers by such Limited Partner or other exercises by the General Partner of its discretionary authority under the partnership agreement for the benefit of such Limited Partner; (vii) rights or terms necessary in light of particular legal, arbitration, regulatory or policy characteristic of a Limited Partner (including with respect to limitations on the ability to provide indemnification); (viii) right to appoint any representative of the Limited Partner to serve as a member of the Advisory Committee; (ix) information required to be provided by a Limited Partner in connection with a subscription-backed credit facility; or (x) any other matters described therein, could be more favorable than those offered to any other Limited Partners of such Fund. If a General Partner or a Fund enter into a Side Letter entitling a Limited Partner to opt out of a particular investment or withdraw from a Fund, any election to opt out or withdraw by such Limited Partner could increase any other Limited Partners’ pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal) in such Fund.

Third Party Involvement. Funds could co-invest with third parties through funds, joint ventures or other entities. Such investments could involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of a Fund could at any time have other business interests and investments other than the joint venture with a Fund, or could have economic or business goals different from those of a Fund. In addition, a Fund could be liable for actions of its co-venturers or partners. A Fund’s ability to exercise control or significant influence over management in these cooperative efforts will depend upon the nature of the joint venture arrangement. In addition, such arrangements are likely to involve restrictions on the resale of a Fund’s interest in the portfolio company.

Distributions in Kind. Although Funds intend to make distributions in cash, it is possible that under certain circumstances (including liquidation), distributions could be made in kind and could consist of securities for which there is no readily available public market or securities of entities unable to meet required interest or sinking fund payments.

Certain Investment Considerations Relating to Non-U.S. Investments Generally. A portion of the total investments of a Fund could be invested in businesses operating or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. Such risks include but are not limited to (i) the risk of nationalization or expropriation of assets or confiscatory taxation, (ii) social, economic and political uncertainty, including war and revolution, (iii) dependence on exports and the corresponding importance of international trade, (iv) greater price fluctuations and market volatility, less liquidity and smaller capitalization of securities markets, (v) currency exchange rate fluctuations, (vi) higher rates of inflation, (vii) controls on, and changes in controls on, non-U.S. investment and limitations on repatriation of invested capital and on a Fund’s ability to exchange local currencies for United States dollars, (viii) governmental involvement in and control over the economies, (ix) governmental decisions to discontinue support of economic reform programs generally and to impose centrally planned economies, (x) differences in auditing and financial reporting standards which could result in the unavailability of material information about issuers, (xi) less extensive regulation of the

securities markets, (xii) longer settlement periods for securities transactions, and (xiii) less developed corporate laws regarding fiduciary duties and the protection of Investors. While General Partners intend, where it deems appropriate, to manage Funds in a manner that will minimize exposure to the foregoing risks, there can be no assurance that adverse developments or changes in law in certain non-U.S. countries in which a Fund invests will not adversely affect the value of a Fund's investments located in such countries.

Non-U.S. Currency and Exchange Risks. To the extent that Funds directly or indirectly hold assets in local currencies in countries outside the United States, Funds will be exposed to a degree of currency risk that could adversely affect performance. Changes in non-U.S. currency exchange rates could affect the value of securities in a Fund's portfolio. In addition, Funds incur costs in connection with conversions between various currencies. Funds conduct non-U.S. currency exchange transactions in anticipation of funding investment commitments or receiving proceeds upon dispositions, but ordinarily will not attempt to hedge currency risks over the long term.

Tax Treatment. There can be no assurance that the structure of a Fund or of any investment will be tax-efficient to any particular partner or that any amounts distributed or allocated to the partners will have any particular tax characteristic or that any specific tax treatment will be obtained. Limited Partners are urged to consult their tax advisors with reference to their specific tax situations and potential changes in the applicable tax laws.

Non-U.S. Tax Risks. Funds or their Limited Partners could become subject to additional or unforeseen taxation in jurisdictions in which a Fund operates and invests. Changes to taxation treaties (or their interpretation) between the United States and the countries in which a Fund invests could adversely affect a Fund's ability to efficiently realize income or capital gains.

Certain Risks Relating to Taxes. The U.S. federal, state and local income taxation of partnerships and partners is extremely complex, involving, among other things, significant issues as to the character, timing of realization and sourcing of gains and losses. Limited Partners could be allocated a portion of taxable income of a Fund without regard to actual cash distributions. Accordingly, it is possible that in any year, a Limited Partner's tax liability arising from a Fund could exceed the distributions made by a Fund to such Limited Partner. There could be changes in tax laws, treaties and regulations of the jurisdictions in which a Fund operates or invests, or interpretations of such tax laws, treaties and regulations that are adverse to a Fund, its investments or a Fund's partners. In particular, investors should be aware that significant U.S. tax reform was enacted at the end of 2017 and, although subsequent guidance has been provided, additional guidance implementing such 2017 tax reform could be forthcoming. In addition, the current U.S. administration has proposed and is contemplating additional significant U.S. tax reform. It is not possible to predict whether, or in what form, the administration's proposal will be enacted into law or what the effective date of any such changes might be. Any additional guidance implementing the 2017 tax reform or any future tax changes could materially affect the U.S. tax consequences to the Fund's partners.

Funds and/or its partners could become subject to taxation and tax filing obligations in jurisdictions in which a Fund operates or invests. In addition, withholding taxes and other local source taxes could be imposed on a Fund's earnings. These taxes could not be creditable or deductible by a Fund, its subsidiaries or its partners.

It is also possible that tax authorities could challenge the position taken by a Fund or its investments in filing tax returns and there can be no assurance that a Fund or any such investment would be successful in any such challenge. In the event of a successful challenge by a tax authority, the ultimate tax liability of any investment, a Fund or the

Investors could be higher than if the investment or Fund had reported such position consistent with the position determined appropriate upon challenge.

The sale or other disposition of an interest in a Fund by a non-U.S. Limited Partner generally will be subject to a 10% U.S. federal withholding tax unless a valid certification can be provided to the transferee establishing an applicable exception. The withholding is based on the “amount realized” for U.S. federal income tax purposes, which includes the transferor’s share of a Fund’s liabilities. A non-U.S. Limited Partner could not be able to provide (and a Fund is not required to provide) an applicable certification to establish that no withholding is required or to determine the amount realized upon which the 10% withholding would apply. There can be no assurance that a non-U.S. Limited Partner will be able to establish an exception from withholding or establish the amount realized, and if the amount realized cannot be established, withholding would apply to 100% of the purchase price in connection with such sale or other disposition. Accordingly, there can be no assurance that a transferee will not seek to withhold amounts or seek to withhold more than 10% of the gross proceeds, from the consideration for the sale or disposition.

Investments in Operating Partnerships. As discussed in “Certain Tax Considerations” below, a Fund could make investments in Operating Partnerships (as defined below), which would likely generate UBTI or ECI (each as defined below) or USRPHCs (as defined below) and Funds offer a “blocker” structure through which electing Limited Partners could invest in such investments indirectly through an entity treated as a corporation for U.S. federal income tax purposes. Funds do not currently anticipate making investments into Operating Partnerships. Pursuant to the Partnership agreement, electing Limited Partners of a Fund could be required to bear all expenses of the “blocker” structure (including any potential reduced purchase price for the “blocker” relative to the underlying investment) and any related structuring expenses. As a result, the investment returns of the electing Limited Partners are expected to be less than the investment returns received by other Investors. The General Partner would nonetheless be entitled to receive the same amount of carried interest as if the electing Limited Partners had invested directly in the underlying investment, and no such expenses were incurred.

In order to pursue certain investment opportunities, Funds could acquire one or more entities that served as a “blocker” corporation for the persons that sell a portfolio company to a Fund. In this circumstance, Funds could choose to have such entity serve as the “blocker” structure through which electing Limited Partners of such Fund invest in such portfolio company. In order to effect such structuring, the applicable General Partner could call for capital contributions or adjust the capital contributions made by and the distributions made to the partners, including with respect to Limited Partners of such Fund that do not elect to invest through such “blocker” structure, in order to equitably apportion among the partners the assets, liabilities, and tax attributes of such “blocker” corporation.

In connection with disposing of investments in which a “blocker” structure has been utilized, the General Partner could seek to sell the “blocker.” If the General Partner sells the “blocker” it is possible that such sale results in a reduction in the overall purchase price compared to if the “blocker” had sold its share of the underlying investment. Nonetheless, in certain instances, the applicable General Partner could determine that the overall purchase price should be shared pro rata, in which case any such reduction would be borne by all of the partners and not just the electing Limited Partners of the Fund. In other instances, the applicable General Partner could determine that such reduction not borne by third party investors shall be borne by only the electing Limited Partners of such Fund, in which case such General Partner would be entitled to the same amount of carried interest than had there been no such reduction. The quantum of the reduction to purchase price attributable to the sale of a “blocker” could not be specified by the applicable purchaser and could be determined by applicable General Partner, in which case, the General Partner will have a conflict of interest in determining the quantum of the reduction in purchase price attributable to the sale of shares of the “blocker.”

Terrorism, Natural Disasters and Major Events. The threats of terrorist strikes and the fear of prolonged global conflict have exacerbated volatility in the financial markets and caused consumer, corporate and financial confidence to weaken, increasing the risk of a “self-reinforcing” economic downturn, which could have an adverse effect upon the portfolio companies in which a Fund makes investments. Economic and political uncertainty also increases the difficulty of modeling market conditions, which could reduce the accuracy of a Fund’s financial projections.

The performance of Fund portfolio companies could be affected by additional catastrophic events. A major disruption to the operations of a Fund and its portfolio companies as a result of force majeure events (including, without limitation, severe weather, earthquakes, landslides or other natural disasters, strikes or war or the outbreak of disease epidemics or pandemics or any other serious public health concern (as described further below), war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.) could cause Funds or their portfolio companies to suffer losses due to damage to Funds or their portfolio companies’ operations as a result of any of the foregoing. The occurrence of any such event could have a material adverse effect on the value of a Fund’s investment.

The ongoing 2019-nCoV (“Covid-19”) pandemic has resulted in significant disruption in global public and private markets and supply chains, and government restrictions put in place include the institution of quarantines, border closures, travel restrictions and closures of businesses, schools, courts and other public venues. These events have had, and will continue to have, a material adverse effect on the economic environment as a whole, and in particular on businesses in the transportation, hospitality, tourism, entertainment and other similar industries. Moreover, with the continued spread of Covid-19, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as Covid-19 continues to spread, the potential impacts, including a global, regional or other economic recession (which, according to some financial experts’ opinions, has already arrived), are increasingly uncertain and difficult to assess.

The ongoing spread of Covid-19 has had, and could continue to have, a material adverse impact on portfolio companies, local economies in the affected jurisdictions and also on the global economy, as cross border commercial activity and market sentiment are increasingly impacted by the outbreak and government and other measures seeking to contain its spread. The Covid-19 pandemic has contributed to, and could continue to contribute to, volatility in financial markets, including changes in interest rates. It has also had a material and negative impact on certain economic fundamentals and consumer confidence, increased the risk of default of particular portfolio companies, reduced the availability of debt financing to Funds and potential purchasers of their portfolio companies, negatively impacted market values, caused credit spreads to widen and reduced liquidity, all of which have had and could have in the event of a continued outbreak, an adverse effect on the returns of a Fund. No assurance can be given as to the long-term effect of these events on the value of a Fund’s investments.

In addition to these developments potentially having adverse consequences for certain portfolio companies and other issuers in or through which Funds invest and the value of the partners’ investments therein, the operations of JFLCO (including those relating to the JFLCO investment professionals) have been, and could continue to be, adversely impacted, including through quarantine measures and travel restrictions imposed on JFLCO or its affiliates’ personnel or service providers based or temporarily located in affected countries, or any related health issues of such personnel or service providers. Fund operations could be disrupted if any of its or its affiliates’ key personnel contracts Covid-19 and/or any other infectious disease. Any of the foregoing events could materially and adversely affect a Fund’s ability to source, manage and divest its investments and its ability to fulfill its investment objectives.

The extent and duration of such negative impact with respect to a Fund and global markets as a whole is unknown. The impact of a public health crisis, such as Covid-19 (or any future pandemic, epidemic or other similar outbreak of a contagious disease), is difficult to predict, which presents material uncertainty and risk with respect to the performance of a Fund.

Recent Developments in the Banking Sector. In early 2023, bank closures in the U.S. and Europe caused uncertainty for financial services companies – especially in the banking sector, and U.S. middle market banks in particular – and fear of instability in the global financial system generally. Many financial institutions experienced volatile stock prices and significant losses in their equity value, and there is concern that depositors have withdrawn, or could withdraw in the future, significant sums from their accounts at these institutions (each, a “Distress Event”). As a result, U.S. governmental agencies (including the U.S. Federal Deposit Insurance Corporation (the “FDIC”) and the U.S. Federal Reserve Bank) intervened directly and indirectly to protect the uninsured depositors of banks that have recently closed or who have experienced a significant Distress Event.

Banks and other financial institutions, including those that could undergo Distress Events could provide credit facilities and/or other forms of financing to a Fund or its portfolio companies. There can be no assurance that such financial institutions will honor their obligations as creditors or that another financial institution would be willing and able to provide replacement financing or similar capabilities and on similar terms.

If a financial institution closes, whether as a result of a Distress Event or otherwise, there is no guarantee that its uninsured depositors, which could include a Fund and/or its portfolio companies, will be made whole or, even if made whole, that such deposits will become available for withdrawal in short order. Pursuant to statute, U.S. bank accounts are insured by the FDIC in an amount up to \$250,000. While the U.S. government has considered raising that limit, there can be no guarantee that such limit will be increased. As a consequence, for example, if a Distress Event occurs, Funds or portfolio companies could be delayed or prevented from accessing a portion or all of their bank accounts or making required payments under their debt or other contractual obligations. Limited Partners could be impacted in their ability to honor capital calls and/or receive distributions for related reasons.

Distress Events could have a potentially adverse effect on the ability of the General Partners to manage the Funds and its investments, and on the ability of the General Partners, Funds, and any portfolio company to maintain operations, which in each case could result in significant losses and in 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 not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a financial institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of a Fund to acquire or dispose of investments, or acquire or dispose of such investments at prices that the applicable General Partner believes reflect the fair value of such investments; and the inability of portfolio companies to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a financial institution’s services, it is also possible that a Fund or a portfolio company will incur additional expenses or delays in putting in place alternative arrangements 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). Although the General Partners expect to exercise contractual remedies under agreements with financial institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. Funds and their portfolio companies are subject to similar risks if any financial institution utilized by Investors in a Fund or by suppliers, vendors, service providers or other counterparties of a Fund or a portfolio company becomes subject to a Distress Event, which could have a material adverse effect on a Fund.

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

Uncertainty caused by recent bank failures – and general concern regarding the financial health and outlook for other financial institutions – could have an overall negative effect on banking systems and financial markets generally. The recent developments could also have other implications for broader economic and monetary policy, including interest rate policy. For the foregoing reasons, there can be no assurances that conditions in the banking sector and in global financial markets will not worsen and/or adversely affect the Funds or one or more of its portfolio investments or its overall performance.

Russo-Ukrainian Conflict. Instability within Eastern Europe, particularly the commencement of open hostilities between the Ukraine and Russia could have an adverse impact on the Funds. On February 21, 2022, the Russian Federation recognized the sovereignty of the ‘Donetsk People’s Republic’ and ‘Luhansk People’s Republic’ in the Donbas region of Eastern Ukraine. Shortly thereafter, tension has increased with the Russian Federation advancing troops and commencing large scale military operations in the Ukraine. The United States, the United Kingdom and the European Union have imposed a series of sanctions against certain financial institutions, businesses, key members and personnel associated with the Russian Federation. It is currently unclear what the outcome and impact will be of (i) the military activities and encroachment by the Russian Federation in the Ukraine and (ii) the sanctions that have been imposed against key members and personnel of the Russian Federation, however, it is possible that the escalation of hostilities between the Russian Federation, the Ukraine, NATO member states and other states and the imposition of further economic sanctions could have an adverse impact on European and global markets and result in political and economic instability, increased sanctions, reduced investment activities and adverse effects on economies generally. It is currently unclear whether such open hostilities could spread to other geographies beyond the current conflict region and any such geopolitical and economic ramifications could, in turn, have an impact on the ability of Funds to achieve investment objectives. Sanctions from the United States, the United Kingdom and the European Union and potential counter sanctions from Russia could affect prospective market counterparties of the Funds. Capital markets could be impacted and international investors could seek to move capital to other regions.

No or Limited Availability of Insurance against Certain Catastrophic Losses. Certain losses of a catastrophic nature, such as wars, earthquakes, typhoons, terrorist attacks or other similar events, could be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total cost of casualty insurance for a property. As a result, all investments could not be insured against terrorism. If a major uninsured loss occurs, Funds could lose both invested capital in and anticipated profits from the affected investments.

Business and Regulatory Risks of Private Equity Funds. Legal, tax and regulatory changes could occur during the term of a Fund that could adversely affect it or its portfolio companies or its partners. The legal, tax and regulatory environment for private equity funds is evolving, and changes in the regulation and market perception of such funds,

including changes to existing laws and regulations and increased criticism of the private equity and alternative asset industry by some politicians, regulators and market commentators, could adversely affect the ability of Funds to pursue its investment strategy, its ability to obtain leverage and financing, and the value of investments held by a Fund. In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental as well as self-regulatory scrutiny of the private equity and alternative investment industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the governing bodies of both U.S. and non-U.S. jurisdictions.

Any significant changes in, among other things, economic policy (including with respect to interest rates and foreign trade), the regulation of the asset management industry, tax law, immigration policy, environmental protection and/or climate change policies or regulations and/or government entitlement programs during the term of a Fund could have a material adverse impact on a Fund and its investments. More generally, legislative acts, rulemaking, adjudicatory or other activities, including in particular by the U.S. Congress, the SEC, the United States Federal Reserve Board, the Financial Industry Regulatory Authority, Inc. and other U.S. or non-U.S. governmental, quasi-governmental or self-regulatory bodies, agencies and regulatory organizations could make it more difficult (or less attractive) for a Fund to achieve its investment objectives or for some or all of a Fund's portfolio companies and other issuers in which it invests to engage in their respective businesses.

It is impossible to predict what, if any, changes could be instituted with respect to the regulations applicable to the Funds, General Partners, JFLCO, their respective affiliates, the markets in which they trade and invest or the counterparties with which they do business, or what effect such legislation or regulations might have. There can be no assurance that the Funds, the General Partners, JFLCO or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of the Funds to implement their investment strategies could have a material adverse impact on a Fund's portfolio. To the extent that a Fund or its investments are or could become subject to regulation by various agencies in the United States or other non-U.S. jurisdictions, the costs of compliance will be borne by the Fund.

In addition, as a registered investment adviser under the Advisers Act, JFLCO is required to comply with a variety of periodic reporting and compliance-related obligations under applicable federal and state securities laws (including the obligation of JFLCO and its affiliates to make regulatory filings with respect to the Funds and its activities under the Advisers Act (including Form PF). Following passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), the SEC has particularly scrutinized the private equity industry, including conducting a number of examinations and bringing a number of enforcement actions particularly focused on the private equity industry. In light of the heightened regulatory environment in which JFLCO operates and the ever-increasing regulatory burdens applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for JFLCO and its affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulatory burdens applicable to private investment funds generally or to the Funds, the General Partners or JFLCO could result in increased expenses associated with Fund activities and additional resources of JFLCO being devoted to such regulatory reporting and compliance-related obligations, which could reduce overall returns for Investors in a Fund or have an adverse effect on the ability of Funds to effectively achieve their investment objectives. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on a Fund's activities, including the ability of a Fund to achieve its investment objectives.

Furthermore, the SEC and other various U.S. federal, state and local agencies could conduct examinations and inquiries into, and bring enforcement and other proceedings against, the Funds, the General Partners, JFLCO or their

respective affiliates. The Funds, the General Partners, JFLCO or their respective affiliates could receive requests for information or subpoenas from the SEC and other state, federal and non-U.S. regulators from time to time in connection with such inquiries and proceedings and otherwise in the ordinary course of business. These requests could relate to a broad range of matters, including specific practices of the General Partners, JFLCO, the securities in which a Fund invests, JFLCO's (or Fund's) engagement of placement agents or industry-wide practices. The costs of certain such increased reporting, registration and compliance requirements will be borne by the Funds and could furthermore place a Fund at a competitive disadvantage to the extent that JFLCO, a Fund or portfolio companies are required to disclose sensitive business information.

Finally, legislation enacted at the end of 2017 could treat a portion of any carried interest as short-term capital gain taxed at ordinary income rates for U.S. federal income tax purposes and Congress has previously considered and the current U.S. administration has expressed support for legislation that would tax all (or a greater portion of) carried interest at ordinary income rates. The legislation enacted at the end of 2017 or similar future legislation could adversely affect employees of the Firm or other individuals performing services for the Funds who hold direct or indirect interests in the General Partners and benefit from carried interest, which could make it more difficult for the General Partners and their affiliates to incentivize, attract and retain individuals to perform services for the Funds.

Conflicts of Interest

Due to the other activities in which members and affiliates of the General Partners, the Firm, the Managing Partners, the Operating Executive Board and their respective officers, directors, employees and agents (the "JFL Parties") could engage, certain conflicts of interest could arise. While the partnership agreement will contain certain protections for partners against conflicts of interest, it does not purport to address all potential conflicts.

Certain JFL Parties are engaged in a variety of financial advisory activities in connection with its sponsoring and offering of private investment funds. In the ordinary course of their businesses, certain JFL Parties could engage in activities in which their interests or the interests of their clients could conflict with or be adverse to the interests of the Funds. In addition, such clients could utilize the services of certain JFL Parties, for which they will pay customary fees and expenses which will not be shared with the Funds or the Limited Partners. The senior investment professionals of JFLCO and its affiliates will devote such time as shall be reasonably necessary to conduct the business affairs of the Funds in an appropriate manner.

Carried Interest and Taxation of Carried Interest. The General Partners' entitlement to carried interest could result in a conflict between its interests and the interests of Limited Partners with respect to the sequence and timing of disposals of investments. In addition, the partners of the General Partners are also subject to special U.S. federal income tax rules that Limited Partners are not subject to. Such rules generally require the Funds to hold investments for three years for carried interest recipients to be entitled to preferential long-term capital gains rates. As a result of the foregoing, the General Partners could be incentivized to operate the Funds, including to hold and/or sell investments, in a manner that maximizes or accelerates its entitlement to carried interest or takes into account the tax treatment of its carried interest (including to hold investments longer or otherwise structure dispositions to provide long-term capital gains treatment for carry recipients). Further, the General Partners could have the ability to defer carried interest (for various reasons, including managing to avoid a potential clawback). Such deferral could result in a different mix of taxable income being recognized by the Limited Partners and the General partners than if no such deferral had occurred which could be adverse to particular Limited Partners. In addition, the fact that the General Partners are entitled to distributions of carried interest based on the performance of the applicable Funds could create an incentive for the General Partners to cause the Funds to make investments that are more speculative than would be the case in the absence of such performance-based distributions.

Diverse Characteristics of Partners. The partners of the Funds are expected to include U.S. taxable and tax-exempt entities, and taxable and tax-exempt entities from jurisdictions outside of the United States. Such Partners could have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual partners in a Fund could relate to or arise from, among other things, the nature of investments made by the Funds, the structuring of the acquisition or dispositions of investments and the timing of the disposition of investments. As a consequence, conflicts of interest could arise in connection with decisions made by the General Partners, including with respect to the nature or structuring of investments or dispositions, that could be more beneficial for one partner than for another partner of a Fund, especially with respect to such partners' individual tax situations. In selecting and structuring investments appropriate for a Fund, the applicable General Partner will consider the investment and tax objectives of such Fund and its partners as a whole, rather than the investment, tax or other objectives of any Limited Partner of such Fund individually.

Operating Executive Board Members and other Consultants, Senior Advisors and Service Providers. In addition to the full-time investment professionals of the Firm, JFLCO and its affiliates could also from time to time engage or arrange for the engagement and retention by a Fund or a portfolio company of senior advisors, advisers, consultants, and other similar professionals (together, "Senior Advisors") who are not current employees or affiliates of JFLCO (but they could be former employees or affiliates of JFLCO). Senior Advisors include members of the Operating Executive Board, which is a committee consisting of a core group of seasoned industry and government executives in JFLCO's target industries that serve as a resource to JFLCO. The Senior Advisors could serve as executives or board members of portfolio companies, provide strategic insights related to portfolio company or portfolio management matters, provide financial and structuring advice and perform other services (including with respect to matters related to social, economic and governance issues) for JFLCO, the Funds or the portfolio companies and could assist with evaluating new transactions. Senior Advisors are not employees, but rather consultants typically engaged by or on behalf of a Fund or a portfolio company of a Fund. In certain cases, a Senior Advisor could be a former employee of JFLCO but could remain a member of the General Partner(s). The compensation of Senior Advisors, including Operating Executive Board members, could be apportioned among Funds and/or the portfolio company (or companies) with respect to which such Senior Advisor provides services. Such compensation could be linked to the performance of the applicable portfolio company or a Fund's investment therein. A Fund's share of any retainers, success fees, salaries, bonuses or other fees charged by Senior Advisors will be treated as a fund expense borne by the relevant Fund (whether paid by the Fund directly or by JFLCO and subsequently reimbursed by the Fund). While JFLCO believes such fees are reasonable for the relevant services provided, the fees could not always be comparable to costs, fees and expenses charged by other third parties. In addition to such fees, a Fund or the applicable portfolio company will also generally bear any travel costs or other out-of-pocket expenses incurred by the Senior Advisor in connection with the provision of their services. Senior Advisors could be granted the right to participate alongside a Fund in transactions for which they provide advice, including in the relevant Executive Fund which has more favorable terms than that of another Fund's Limited Partners. Such co-investment rights could result in a Fund investing less capital than it otherwise would have in such transactions. In addition, Senior Advisors could be granted equity in the portfolio companies, serve on the boards of portfolio companies or as employees or consultants of portfolio companies in an operations capacity. From time to time, Senior Advisors could also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such Senior Advisor's relationship with a Fund. Any directors' fees, salaries, consultant fees, other cash compensation, stock options or other compensation received by Senior Advisors in such capacities will be borne by the portfolio companies and indirectly by a Fund, will not be deemed paid to or received by JFLCO or its affiliates and therefore will not result in an offset to the management fee payable by a Fund. While conflicts of interest could arise in the event that a Senior Advisor's fiduciary duties as a director conflict with

those of a Fund, it is expected that the interests will generally be aligned. In addition, to the extent a Senior Advisor serves as a director on the board of more than one portfolio company, such Senior Advisor's fiduciary duties between the two portfolio companies could create a conflict of interest. Decisions made by a Senior Advisor could subject a Fund to claims it would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, a Fund will indemnify JFLCO and its partners, principals and employees from such claims. In addition, Senior Advisors of JFLCO serving as directors could make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company.

Conflicts with Portfolio Companies. Certain JFL Parties have long term relationships with a significant number of portfolio companies and their respective senior management. In fact, from time to time, the General Partners could employ personnel with pre-existing ownership interest in, or who were employed by portfolio companies owned by, a Fund or other funds or investment vehicles advised by JFLCO; conversely, former personnel or executives of the General Partners could serve in significant management roles at portfolio companies or service providers recommended by the relevant General Partner. Certain of these persons or entities will invest in, engage in transactions with or provide services (including services at reduced rates) to the relevant General Partner or Fund, or other funds or investment vehicles that such General Partner advises. In addition, officers, and employees of the relevant General Partner or of JFLCO and members of the Operating Executive Board could serve as directors or officers of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interests of the portfolio company. In certain circumstances, for example in situations involving bankruptcy or near insolvency of the portfolio company, actions that could be in the best interest of the portfolio company could not be in the best interests of a Fund, and vice versa. In addition, members of the Operating Executive Board could have economic or management interests outside of JFLCO-managed funds in certain potential or current portfolio companies. Accordingly, in these situations, there could be conflicts of interests between such individuals' duties as officers or employees of JFLCO (or, in the case of members of the Operating Executive Board, between such individuals' duties to the JFLCO-managed fund that engages them) and such individuals' duties as directors or officers of portfolio companies.

Investments in Different Capital Structure of the Same Portfolio Company. Although unlikely, and subject to the terms and conditions set forth in the applicable partnership agreement, a Fund could invest in different parts of the capital structure of the same portfolio company in which a Fund or the other funds managed by JFLCO hold an existing investment. Questions could arise as to whether payment obligations and covenants of the debt securities should be enforced, modified or waived by the holders of the debt securities or whether the debt securities should be refinanced by the portfolio company, which decisions could be influenced by the other JFLCO-managed funds or account holding the equity securities. Such conflicts of interests will be particularly heightened where the portfolio company is in financial difficulty as, in such situations, the interests of debt and equity holders typically will not be aligned. Decisions about what action should be taken by a Fund as a debt holder or by the other JFLCO-managed fund or account as an equity holder in a troubled situation, including whether to enforce creditor claims, whether to advocate or initiate a portfolio company restructuring or liquidation inside or outside of bankruptcy proceedings, and the terms of any work-out or restructuring of a portfolio company or its debt, will raise material conflicts of interest. In such circumstances, JFLCO or a Fund might be best served by a liquidation of the portfolio company that would result in their debt being paid but leave nothing with respect to the other JFLCO-managed fund or account's interest in the company's equity. It is possible in distressed situations that actions taken by the General Partners and a Fund as a debt holder could materially adversely impact, if not in effect eliminate, any remaining value attaching to equity securities held by another JFLCO-managed Fund. The reverse would be the case where the a Fund holds equity securities or junior debt securities of a portfolio company, and another JFLCO-managed fund or account holds senior

debt securities of the same company.

In circumstances where JFLCO-managed funds hold investments in different classes of a portfolio company's debt and/or equity, JFLCO intends, to the fullest extent permitted by applicable law, to take steps in respect of such investments to reduce the potential for adversity between JFLCO-managed funds, including by causing a Fund to take certain actions that, in the absence of such conflict, they would not take, such as, for example but without limitation (i) remaining passive in a portfolio company restructuring or similar situation (including by electing not to vote or voting pro rata with other security holders), (ii) divesting investments, (iii) appointing an independent decision-maker, or (iv) otherwise taking an action designed to reduce such adversity. Any such step could have the effect of benefiting other JFLCO-managed funds and therefore could not be in the best interests of and could be adverse to another Fund.

Valuation Matters. Most of the securities that will be owned by the Funds are not expected to be publicly traded, and the securities owned by the existing JFLCO-sponsored funds are generally not publicly traded, and thus are required to be fairly valued by JFLCO in accordance with the firm's valuation policies and procedures. Valuations are subject to multiple levels of review for approval. The value of all of a Fund's investments or of interest received in exchange for any investments will be determined by the applicable General Partner in accordance with U.S. GAAP, the partnership agreement of the relevant Fund and JFLCO's policies and procedures, which JFLCO could change in its sole discretion. Accordingly, the carrying value of an investment could not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material. The valuation of investments will affect the amount and timing of a General Partner's carried interest and, under certain circumstances, the amount of management fees payable to JFLCO. The valuation of investments could also affect the ability of JFLCO to raise a successor fund to a Fund because prospective investors are likely to consider performance of a Fund in making any investment decisions with respect to a successor fund. As a result, there could be circumstances where a General Partner is incentivized to determine valuations that are higher than the actual fair value of investments. With respect to private securities, particularly those where there are limited direct comparables, valuation is a highly judgmental process, which cannot be reduced to a simple mechanistic formula.

Relationship with Other JFLCO-Managed Funds. JFLCO manages the Funds and certain related vehicles, each of which has similar investment objectives. In addition, subject to the limitations set forth in the relevant partnership agreement, the Firm could establish one or more additional investment funds with investment objectives substantially similar to, or different from, other existing JFLCO-managed funds. Allocation of available investment opportunities between Funds could give rise to conflicts of interest and could result in investment opportunities that are otherwise suitable and appropriate for one Fund being allocated to other JFLCO-managed funds.

In making allocations among Funds, JFLCO must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. JFLCO generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's limited partnership agreement, as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant Fund's limited partnership agreement, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life-cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. JFLCO will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with JFLCO's obligations and reserves the right to take into consideration factors such as those set forth above. Additionally, the consent of the relevant advisory committee will be required to permit

such co-investment. The failure of an advisory committee to provide such consent could result in a Fund being excluded from such opportunity.

Funds could make investments in or enter into transactions with portfolio companies of another JFLCO-managed fund, and other JFLCO-managed funds could make investments in or enter into transactions with portfolio companies of a Fund. Such investments will generally require the consents of the advisory committees of the applicable JFLCO-managed funds unless otherwise authorized or contemplated by the relevant partnership agreements. Funds could have conflicting interests should they invest in the same security at different times, at different prices and/or on different terms and conditions, or they could invest in different classes of securities of the same portfolio company, at different times, at different prices and/or on different terms and conditions. Although the respective investment programs of Funds could be similar in certain respects, JFLCO could give differing advice to involved Funds.

JFLCO'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 JFLCO 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 have been if the potential conflicts of interest to which JFLCO expects to be subject, as discussed herein, did not exist.

Co-Investment Vehicles. During the period that a portfolio company is owned by a Fund, it could acquire size, revenue or other characteristics that would make it a suitable investment for one or more other Funds. Following such determination of allocations among Funds, as determined by the Funds' limited partnership agreements, side letters and JFLCO's procedures regarding allocation, a Fund could make an investment with the expectation of offering a portion of its interests therein as a co-investment opportunity to the Limited Partners of such Fund and/or other third-party investors (including, for the avoidance of doubt, employees or consultants of JFLCO and persons that have other relationships with JFLCO), via a one or more co-investment entities formed specifically to invest in a proposed investment alongside such Fund (each such co-investment entity, a "JFLCO Co-Investment Vehicle") or otherwise. There can be no assurance (i) that a Fund will be successful in offering such JFLCO Co-Investment Vehicle, in whole or in part, (ii) that the closing of such JFLCO Co-Investment Vehicle will be consummated in a timely manner, (iii) that the co-investment opportunity will be offered on terms and conditions that will be preferable for a Fund or (iv) that expenses incurred by a Fund with respect to such co-investment opportunities will not be substantial. If a Fund is not successful in raising such JFLCO Co-Investment Vehicle, in whole or in part, a Fund could consequently hold a greater concentration and have more exposure in the related investment than initially was intended, which could make a Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

When determining the person(s) to whom JFLCO offers a co-investment opportunity, and the relative amounts offered to each such person, JFLCO will make such determination in its sole discretion taking into account such factors as it determines appropriate based on the relevant facts and circumstances, which could include one or more of the following: (a) the investor's stated desire to participate in co-investments; (b) perceived ability of an investor to commit to invest in a short period of time and quickly execute on transactions, which could be impacted by whether an investor is committed to a multi-investment JFLCO Co-Investment Vehicle; (c) the ability of an investor to commit to a significant portion of such opportunity; (d) the economic terms on which an investor could agree to participate; (e) whether an investor provides strategic value in respect of such investment, such as by having relevant experience in the sector or existing relationships with management or other relevant parties; (f) the size of an investor's

commitment to JFLCO-managed funds; (g) whether and to what extent an investor has accepted prior co-investment opportunities offered to it; (h) the ability of an investor to provide debt financing in connection with such investment and JFLCO's perception of the ability of the co-investors to continue to support the investment in the event of subsequent financings; (i) the ability of an investor to enter into an equity commitment letter or similar agreement with respect to such investment; (j) ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; (k) JFLCO's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair JFLCO's ability to execute the relevant transaction in the desired time or on desired terms; (l) size of the investment allocation and practicality of dividing it up among multiple co-investors; (m) lender requirements; (n) existence of a formal or informal strategic relationship with the prospective co-investor; or any other legal, regulatory or tax consideration or any such other factors (e.g., qualified purchaser or qualified institutional buyer status), and/or perceived other factors that JFLCO considers important in connection with the specific transaction or investment. For the avoidance of doubt, as a result of the application of the criteria above, co-investment opportunities could not be offered to some or any of the limited partners of a Fund and an investor could be offered fewer co-investment opportunities than Investors with the same or smaller capital commitments in a Fund.

Although JFLCO reserves the right to consider a prospective co-investor's willingness to invest in future funds, such willingness generally will not be the sole determining factor considered by JFLCO in identifying co-investors. JFLCO reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities. Furthermore, JFLCO or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund Investors, and the consideration of the factors set forth above likely will result in certain Investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and JFLCO expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Investors and third parties, (ii) to the extent co-investments made by Investors are not subjected to management fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons and (iii) co-investors' proportionate share of a particular investment typically is not subject to the management fee offset provisions of a Fund's governing documents. In order to facilitate the acquisition of a portfolio 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 relevant 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, such General Partner's interest in limiting a 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 employees and related persons of JFLCO and its affiliates make capital investments in or alongside certain Funds, JFLCO and its affiliates are subject to potentially conflicting interests in connection with these investments.

The General Partners could offer co-investment opportunities based on factors which are to its benefit, such as the likelihood that an investor could invest in a future fund sponsored by the relevant General Partner or its affiliates. The performance of co-investments is not aggregated with that of a Fund, including for purposes of determining a General Partner's carried interest or management fees under the partnership agreement. A General Partner could or could not charge management fees, one-time funding fees or carried interest in respect of co-investments, subject to the terms of any applicable agreements with Investors. Co-investors in one or more specific investments will not necessarily be required to share in broken-deal expenses that are paid by a Fund, either with respect to a co-investment opportunity that is not consummated or with respect to other potential investments that could be offered to such Funds.

Funds could also provide interim financing for the purpose of bridging a potential co-investment. The allocation of any co-investment opportunities will directly or indirectly benefit JFLCO as a result of, among other things, the receipt of any such fees or carried interest, capital commitments to a Funds managed by JFLCO.

JFLCO Co-Investment Vehicles offered or formed specifically to invest in a proposed investment could not bear fees and expenses associated with such proposed investments that are not ultimately consummated, including fees and expenses in connection with identifying, evaluating and negotiating (1) the governing agreements of any such JFLCO Co-Investment Vehicle or (2) such proposed but ultimately unconsummated investments, and in each case, a Fund shall bear all such fees and expenses.

Further, as contemplated above in "Bridge Financings," it is possible that a Fund will make an investment in a portfolio company, and subsequently sell a portion of such investment to a Co-Investment Vehicle at cost plus interest even in a circumstance where the value of such investment is higher. In such cases, any determination with respect to apportionment of transaction fees or other fee income by JFLCO among a Fund and any such Co-Investment Vehicles will be made (or recalculated) after giving effect to such sale.

It is possible that subsequent to an initial investment in a portfolio company by a Fund and any JFLCO Co-Investment Vehicle, a Fund could determine to make a follow-on investment in such portfolio company while the JFLCO Co-Investment Vehicles, or certain co-investors in such Co-investments Vehicles, do not participate in such follow-on investment opportunity (either because such co-investors were not offered the opportunity to, or elected not to, participate), which could give rise to conflicts of interest, including, but not limited to, relating to valuation. In such cases, the General Partner will make determinations with respect to valuation and any other conflicts in good faith.

Allocation of Fees and Expenses. The General Partner could be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. The applicable General Partner will allocate fees and expenses in accordance with the partnership agreements and in a manner it believes in good faith is fair and equitable to a Fund under the circumstances and considering such factors as it deems relevant. The allocations of such expenses could not be proportional, and any such determinations involve inherent matters of discretion. Further, because certain expenses are paid for by a Fund or its portfolio companies or, if incurred by the Firm, are reimbursed by the applicable Funds or their portfolio companies, the Firm could not necessarily seek out the lowest cost option when incurring (or causing a Fund to incur) such expenses.

Outsourcing. Services required by a Fund (including some services historically provided by JFLCO to JFLCO-managed funds) could for certain reasons, including efficiency considerations, be outsourced in whole or in part to third parties in the discretion of JFLCO or the General Partner in connection with the operation of a Fund, and the expenses of such third parties will be fund expenses. Such outsourced services could include, without limitation, deal sourcing, asset management, information technology, licensed software, data processing, trading, settlement, client relations, administration, custodial, accounting, legal and tax support and other services. Outsourcing could not occur uniformly for all JFLCO-managed funds and, accordingly, certain costs could be incurred by a Fund through the use of third-party service providers that are not incurred for comparable services used by other JFLCO-managed funds. The decision by JFLCO to initially perform particular services in-house for a Fund will not preclude a later decision to outsource such services, or any additional services, in whole or in part to third parties. The costs, fees or expenses of any such third-party service providers will be treated as fund expenses borne by a Fund.

Relationships with Third Parties. A General Partner could have a conflict of interest with a Fund in recommending the retention or continuation of third-party service providers to a Fund or a portfolio company owned by such Fund if such recommendation, for example, is motivated by the General Partner's belief that the service provider or its affiliates will continue to invest in one or more funds such General Partner advises, will provide the General Partner information about markets and industries in which the General Partner operates (or is contemplating operations) or will provide other services that are beneficial to the General Partner. Moreover, the existence and development of relationships between Investors of a Fund, including institutional investors and their senior management, and the applicable General Partner could lead to conflicts of interest because such relationships could influence whether or not the General Partner undertakes a particular investment on behalf of a Fund and, if so, the form and level of such investment.

Over the life of a Fund, its General Partner generally expects to exercise its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) the General Partner (or an affiliate, which could include other portfolio companies of a Fund or other investment funds sponsored by JFLCO) and at rates determined or substantively influenced by the General Partner; (ii) an entity with which the General Partner or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) a Limited Partner (or a limited partner of another fund) or its affiliates. This subjects such General Partner to potential conflicts of interest, because while it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, the General Partner could have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that the General Partner, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the General Partner, a Fund or other investment funds sponsored by the General Partner or its affiliates), could favor such retention or continuation even if a better price or quality of service provider could be obtained from another person. Moreover, Funds or JFLCO could not be in a position to verify the risks or reliability of such third-party service providers. Whether or not the General Partner has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. Funds could suffer adverse consequences from actions, errors or failures to act by such third parties, and will have obligations, including indemnity obligations, and limited recourse against them.

Resolution of Conflicts. Funds establish an advisory committee consisting of representatives of Limited Partners of the Fund not affiliated with the General Partner of the Fund. Advisory committees typically consist of at

least three voting members who are representatives of the Limited Partners appointed by the General Partner in its sole discretion. The advisory committees consult with the General Partner of the applicable Fund regarding certain potential conflicts of interest as required pursuant to the respective partnership agreement.

A General Partner could, from time to time (as described in the partnership agreements) be required to present certain matters (including certain material conflicts of interest) to the respective advisory committee for review. Members of an advisory committee could approve actions in connection with portfolio investments where such members (and the Investors such members represent) have conflicts of interest, including those arising from investments in counterparties or co-investment or financing opportunities in connection with such portfolio investments. Except where the partnership agreement explicitly requires the advisory committee to approve a matter, an obligation to present a matter to the advisory committee for review will not require that the applicable General Partner obtain the consent of the advisory committee prior to taking an action or refraining from taking an action.

The advisory committee will meet as required to consult with the General Partners as to potential conflicts of interest for a Fund. On any issue involving conflicts of interest not provided for in the relevant partnership agreement, (i) each of the General Partner and Firm will be guided by its good faith judgment as to the best interests of each of the applicable Funds and shall take such actions as are determined by its General Partner or the Firm, as the case could be, to be necessary or appropriate to ameliorate such conflicts of interest and (ii) the applicable General Partner or the Firm will consult with the particular advisory committee with respect to any matter as to which such General Partner determines in good faith that such a conflict of interest exists (and, subject to the terms of the specific partnership agreement, upon taking such actions as set forth in either clause (i) or (ii), the applicable General Partner, the Firm, the Managing Partners or any of their respective affiliates will be relieved of any responsibility for the conflict of interest).

A conflict of interest could exist because some, but not all, Investors will be permitted to designate a member to the Advisory Committee. If a General Partner consults with the Advisory Committee as to certain potential conflicts of interest, the Advisory Committee could consent to matters that could be disadvantageous to some Investors of a Fund, including those Investors of such Fund who do not designate a member to the Advisory Committee.

The relevant limited partnership agreement will provide that to the fullest extent permitted by law, none of the members of the relevant advisory committee, nor the Limited Partners on behalf of whom such members act as representatives, if applicable, shall be liable to any other partner for any reason (other than fraud or bad faith) or owe any duties (fiduciary or otherwise) to any other Limited Partner in respect of the activities of the advisory committee. In addition, members of the advisory committee and their affiliates could have various business and other relationships with JFLCO and its members, employees, and affiliates (and could be Investors in, and/or serve on similar committees of a Fund) or could have an ownership interest in, be involved in the acquisition of, or otherwise have economic interests relating to existing or potential portfolio companies. The presence of these other relationships and circumstances could influence the decisions of the members of an advisory committee. For example, in connection with a transaction between a Fund or a portfolio company of another JFLCO-managed fund, the advisory committees of each Fund are likely to consult with the General Partners and/or consent to such transaction. It is likely that certain members of a JFLCO advisory committee are representatives of an investor in more than one JFLCO-managed funds, and in such circumstances, such members are not expected to abstain from voting on behalf of each of Fund with respect to such transaction.

By acquiring an interest, each Limited Partner will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Fund.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a client's or an investor's evaluation of the Firm.

Item 10 Other Financial Industry Activities and Affiliations

JFLCO organizes and sponsors the Funds, which are limited partnerships. These pooled investment vehicles managed by JFLCO are controlled by affiliated General Partner entities (“GP Entities”). The GP Entities are responsible for all decisions regarding portfolio transactions of the Funds and, in consultation with JFLCO have full discretion over the management of the Funds’ investment activities. While some of JFLCO’s investment affiliates, including the GP Entities, are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Investment Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of some of JFLCO’s affiliates, including the GP Entities are subject to the supervision and control of JFLCO. Thus, JFLCO’s investment affiliates, including the GP Entities, all of their Employees and the persons acting on its behalf would be “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on some of JFLCO’s affiliates, including the GP Entities See Item 8 for discussion of potential conflicts of interest.

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

As required by Rule 204A-1 of the Advisers Act, JFLCO adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers and employees of the Firm. The Code of Ethics describes the Firm's fiduciary duties and obligations to the Funds and sets forth the Firm's practice of supervising the personal securities transactions of employees who maintain access to non-public information in connection with the business of the Funds.

The Firm collects and maintains records of securities holdings and transactions made by employees. The Firm reviews the personal trading practices of its employees to identify and resolve any potential or realized conflicts of interest and to protect against the misuse of material, non-public information.

As discussed above, each Fund contains numerous JFLCO Co-Investor Funds which make additional investments in the same portfolio companies or fund new acquisitions. The applicable General Partner or JFLCO will consult with the advisory committee of a Fund with respect to any matter as to which such General Partner determines in good faith that such a conflict of interest exists.

A copy of JFLCO's Code of Ethics is available upon request from any Limited Partner of JFLCO.

Item 12 Brokerage Practices

Given the nature of private equity investing, the Firm does not utilize any brokerage platform or trade on any security exchanges. Portfolio companies are purchased and sold through a formal legal closing process.

Item 13 Review of Accounts

When a Fund takes a controlling interest in a portfolio company, the Firm takes a hands-on approach to management and partners with the management of the company to ensure its full potential is realized. The Firm supports each investment with human or capital resources required for further growth and monitors each company from acquisition through exit to identify opportunities for creating value.

JFLCO provides quarterly and annual written reports to the Limited Partners. These reports include a summary of the Fund's capital commitments, investments and distributions, as well as valuations of the portfolio companies for such applicable period. The reports also include a financial summary and a market outlook for each portfolio company.

In addition, the Firm provides the Funds' audited financial statements to the Limited Partners of each relevant Fund on an annual basis.

Item 14 *Client* Referrals and Other Compensation

JFLCO or its affiliates may charge portfolio companies consulting fees, monitoring fees and other similar fees. A percentage of fees paid by portfolio companies that are received by JFLCO or any of its affiliates will be applied to reduce the management fee otherwise payable.

JFLCO does not directly or indirectly compensate any third-party for client referrals. However, JFLCO has engaged a placement agent to assist with the distribution of certain of the Fund's interests. Compensation under this arrangement will generally be a percentage of the assets raised. The compensation is paid by JFLCO, not the Funds. JFLCO will verify that any party compensated to distribute the Fund's securities is properly registered.

Item 15 *Custody*

The Firm and/or its affiliates are deemed to have custody of the Funds' securities and cash due to our role as General Partner of the Funds. Assets of our Funds are held in the name of the Fund by an independent qualified custodian, or are private, un-certificated securities recorded on the books of the issuers in the name of the Fund. Quarterly reports are distributed to limited partners and each Fund is subject to an annual audit in accordance with U.S. generally accepted accounting principles by PriceWaterhouseCoopers, LLC. The audited financial statements are provided to the Fund's Investors.

Item 16 Investment Discretion

JFLCO maintains discretionary authority over the selection and amount of portfolio companies to be bought or sold in the Funds without obtaining prior consent or approval. The Funds could impose reasonable restrictions on the

investment discretion, such as geographical limitations or other parameters. These purchases or sales are subject to specified investment guidelines and limitations set forth in each respective Fund's limited partnership agreement.

Item 17 Voting *Client* Securities

Most of the portfolio companies held by the Partnerships are private companies which typically do not issue proxies. However, in the event proxies have to be voted, JFLCO has adopted proxy voting policies and procedures, and shall be responsible for voting proxies on behalf of the Partnerships. JFLCO shall vote client proxies in a way that it believes will maximize shareholder value. In exercising its voting discretion, JFLCO and its employees will avoid any direct or indirect conflict of interest raised by such voting decision. JFLCO will provide adequate disclosure to the Partnership's Limited Partner Investment Review Committee if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to JFLCO or any of its affiliates. A number of JFLCO's investment professionals serve as board members for the Partnerships' portfolio companies. In situations where JFLCO votes the proxy for a company in which a member of JFLCO serves on the board of directors, JFLCO has determined that it does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Partnership's investment and to ensure that the Partnership's interests are protected.

Item 18 Financial Information

As of the date of this filing, JFLCO does not have any financial hardships or other conditions that might impair its ability to meet its contractual obligations to the Funds.