

**INVESTMENT ADVISER BROCHURE**

# **KNOX—LANE**

**Knox Lane LP  
655 Montgomery Street, Suite 1905  
San Francisco, California 94111**

**March 27, 2024**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Knox Lane LP (the “Adviser” or “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (415) 651-2279. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

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

## **MATERIAL CHANGES**

The Adviser filed its most recent Form ADV Part 2A on March 30, 2023. This annual amendment updates the description of the business practices of, and the risks and potential conflicts of interest associated with, the Adviser and its affiliates.

- The Adviser's regulatory assets under management have been updated as of December 31, 2023
- All other updates to this Brochure are routine and immaterial.

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Material Changes .....</b>	<b>1</b>
<b>Advisory Business .....</b>	<b>2</b>
<b>Fees and Compensation.....</b>	<b>3</b>
<b>Performance-Based Fees and Side-By-Side Management .....</b>	<b>12</b>
<b>Types of Clients .....</b>	<b>13</b>
<b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>14</b>
<b>Disciplinary Information.....</b>	<b>68</b>
<b>Other Financial Industry Activities and Affiliations.....</b>	<b>68</b>
<b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>68</b>
<b>Brokerage Practices .....</b>	<b>70</b>
<b>Review of Accounts .....</b>	<b>72</b>
<b>Client Referrals and Other Compensation.....</b>	<b>72</b>
<b>Custody .....</b>	<b>73</b>
<b>Investment Discretion .....</b>	<b>73</b>
<b>Voting Client Securities .....</b>	<b>73</b>
<b>Financial Information.....</b>	<b>73</b>

## ADVISORY BUSINESS

The Adviser, a Delaware limited partnership and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Adviser commenced operations in August 2019.

The Adviser's clients include KLC Fund I LP, KLC Fund I-A LP, KLC Fund II LP, and KLC Fund II-A LP (each, a "**Main Fund**") and multiple co-investment, parallel or alternative investment vehicles, each a Delaware limited partnership (each, together with each Main Fund, referred to herein as a "**Fund**," and, collectively, together with the Executive Funds (as defined below) and any future private investment funds to which the Adviser or its affiliates provide investment advisory services, the "**Funds**"). The Adviser also serves as investment adviser to KLC FF Fund I LP and KLC FF Fund II LP, both "executive funds" offered to employees, affiliates and other investors with a relationship to the Adviser or its personnel (the "**Executive Funds**").

KLC Fund I GP LP and KLC Fund II GP LP (together with any other general partners to the Funds and any future general partners that may be formed from time to time, each a "**General Partner**" and collectively, together with any future affiliated general partner entities, the "**General Partners**," and together with the Adviser and their affiliated entities, "**Knox Lane**"), is affiliated with the Adviser.

Each General Partner is subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." Knox Lane's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Knox Lane or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The advisory services to the Funds are detailed in the applicable Fund's private placement memoranda or other offering documents (each, a "**Memorandum**"), limited partnership or other operating agreements of the Funds (each, a "**Partnership Agreement**" and, as applicable, together with any relevant Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds (generally referred to herein as "**investors**" or "**Limited Partners**") participate in the overall investment program for the applicable Fund, but are permitted to be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Governing Documents; for the avoidance of doubt such arrangements generally do not and will not create an adviser-client relationship between the Adviser and any investor. The Funds or the General Partners generally enter into side letters or other similar agreements ("**Side Letters**") with

certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Governing Documents, Knox Lane expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, Industry Advisors, Operating Partners (both, as defined below) and other service providers, Knox Lane personnel and/or certain other persons associated with Knox Lane and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and/or other reasons, a co-investor or co-invest vehicle purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in Knox Lane's sole discretion, Knox Lane reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2023, the Adviser managed approximately \$2.5 billion in client regulatory assets on a discretionary basis. The Adviser is principally owned by John Preston Bailey and Shamik Patel (the "**Principals**"), who serve as the Adviser's Managing Partner and Partner, respectively. Knox Lane LLC, a Delaware LLC, acts as the general partner to the Adviser, and is wholly owned by Mr. Bailey.

#### **FEES AND COMPENSATION**

In general, Knox Lane receives a management fee (the "**Management Fee**") and a carried interest in connection with the provision of advisory services to the Funds. Knox Lane and/or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation will offset in whole or in part the management fees otherwise payable to Knox Lane to the extent provided by the relevant Governing Documents. In addition, in certain circumstances, Knox Lane receives compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses. A summary of the Fund's fees and expenses follows, but investors should review the applicable Fund's Governing Documents for details regarding fee structure and expenses.

## Management Fees

Each Main Fund pays a Management Fee initially equal to 2% on an annual basis of aggregate capital commitments (“**Commitments**”) of investors that are not designated as “affiliated partners” by the General Partner. Payments are made quarterly in advance. Commencing with the first Management Fee payment date after the expiration of the applicable Main Fund’s investment period or earlier upon the occurrence of certain events set forth in the applicable Partnership Agreement, the Management Fee equals 2% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or completely written-off, in each case with respect to investors not designated as “affiliated partners.” Investors participating in a subsequent closing after the initial closing date generally are assessed Management Fees retroactive to the beginning of the effective date of the Main Fund, with interest. With respect to each Main Fund, the Management Fee will be payable until proceeds from all portfolio companies are distributed or until Knox Lane’s relationship with the Main Fund is terminated for other reasons (as described in the Governing Documents). Installments of the Management Fee payable for any period other than a full three-month period are adjusted on a *pro rata* basis according to the actual number of days in such period. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (generally representing the earlier of the end of the Fund’s defined investment period and the date the relevant General Partner (or an affiliate thereof) first begins receiving or accruing management fees from another Fund meeting certain criteria) (the “**Stepdown Date**”), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made by the relevant Fund that have not been realized or completely written off for U.S. federal income tax purposes

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. However, where there has been a partial distribution, partial writedown or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions relating to such investment, the Governing Documents do not require Management Fees after the Stepdown Date to be reduced. [Following the Stepdown Date, the amount of Management Fees otherwise payable will be reduced based on the ratio of the fair market value of each relevant remaining investment(s) as compared against the amount of total investment contributions relating to such investment(s).

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund’s net asset value, including following the investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the

case of investments completely written off for U.S. federal income tax purposes. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or partial sales of investments.

In many circumstances, the fair value component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

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

The Main Fund's Management Fee is reduced, but not below zero, by an amount equal to 100% of Transaction Fees (as may be adjusted pursuant to the Partnership Agreement) attributable to investors not designated as "affiliated partners" by the General Partner, as set forth in the applicable Partnership Agreement. "**Transaction Fees**" include: (i) any financial consulting fees, advisory fees or directors' fees paid to the General Partner with respect to any portfolio company investment; (ii) any transaction fees paid to the General Partner with respect to any portfolio company investment; and (iii) any break-up fees with respect to portfolio company transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth in the Partnership Agreement; but not including, in any event, any amount received by the General Partner, the Operating Partners (as defined below), the Industry Advisors (as defined below) or other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company or (D) as compensation, including fees, incentive equity or other stock awards, for services rendered by the Operating Partners or the Industry Advisors to a portfolio company or prospective portfolio company. For the avoidance of doubt, the Adviser also does not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Main Fund portfolio companies.

Various costs and expenses reduce Transaction Fees (and therefore such amounts do not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees. To the extent that any other fund or any other entity or individual co-invests alongside the Main Fund in any portfolio company investment, any Management Fee reduction described above will be allocated among the Main Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or proposed to be held) by each. Accordingly, the Main Fund will, in most cases, only benefit from its allocable portion on a fully diluted basis of the Management Fee reduction described above and not the portion of any fee allocable to any other investor (which could include co-investment vehicles managed by Knox Lane, third parties,

portfolio company management or employees and/or others) in a portfolio company. For the avoidance of doubt, any other fees earned with respect to any co-investment vehicle will not reduce the Management Fee payable by the Main Fund. Transaction Fee offsets generally are performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services, and to the extent Transaction Fees are paid in kind (including through securities, option grants or other interests). The Adviser is permitted to calculate the amount of offset based on the then-current value of the in-kind payment, rather than the ultimate value of the interests as of a future date. Unless otherwise agreed with investors, Transaction Fees generally will be payable even if Management Fees are reduced or including during term extensions. Transaction Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of Transaction Fees paid prior to the Fund's acquisition of the relevant investment.

The Governing Documents generally permit the General Partner to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Main Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Main Fund. The Limited Partners of the Main Fund, other than certain Limited Partners with respect to which Management Fees are not charged, are required to make additional contributions. The exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the General Partner and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

### **Carried Interest**

As more fully described in the Governing Documents, the General Partner generally receives with respect to each Main Fund a carried interest equal to 20% of realized profits in excess of an 8% compounded preferred return and subject to a General Partner catch-up provision. The carried interest distributed to the General Partner is subject to a potential clawback or giveback at the end of the applicable Main Fund's life if such General Partner has received excess cumulative distributions.

### **Other Information**

The General Partner is authorized, in its sole discretion, to designate certain investors as "affiliated partners" (whether or not they are actual affiliates of Knox Lane); such "affiliated partners" include employees, Industry Advisors, Operating Partners (as defined below), "friends and family" of Knox Lane or its personnel, or other investors meeting certain qualification requirements based on Commitment size or other strategic or relationship factors, that are exempted from all or some portion of the Management Fee and/or carried interest. The Executive Funds and any future "executive funds" managed by Knox Lane are also expected to pay no or reduced management fees and/or carried interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors.



Any such exemption from Management Fees and/or carried interest is permitted to be made by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, the General Partner and limited partners who are affiliates, employees or other designees, including persons designated as “affiliated partners,” Industry Advisors or Operating Partners engaged or retained by Knox Lane, generally are not subject to the Management Fee or carried interest. Additionally, the General Partner has the right to permit investors, affiliated with Knox Lane or otherwise, to invest through the General Partner or other vehicles that do not bear Management Fees or carried interest. The Adviser retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor’s capital account(s).

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

Principals or other current or former employees of Knox Lane or its affiliates generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Adviser or its affiliates, or from the relevant portfolio companies to which they provide services.

In addition to the Management Fee and carried interest payable to Knox Lane, the Funds bear certain expenses. As set forth more fully in each Fund’s Governing Documents, each Fund pays, or reimburses the General Partner for, all other fees, costs, expenses, liabilities and obligations relating to the Fund’s and/or its subsidiaries’ and intermediate entities’ activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company or potential portfolio company), including all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to origination and sourcing of investment opportunities for the Fund, including meeting with broker-dealers, investment banks and other sources of investments; attending trade shows and conferences (including related travel, lodging and meals); and developing an investment pipeline; (ii) activities with respect to the evaluating, structuring, organizing, negotiating, consummating, financing, refinancing, diligencing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, recapitalizing, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund’s portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated, whether or not such activities are successful and whether or not such activities were undertaken prior to the initial closing date; (iii) indebtedness of, or guarantees made by, the Fund, its management company, its General Partner or any “affiliated partner” on behalf of the Fund (including any credit facility, letter of credit or similar credit support or any indebtedness entered into pending participation by a co-investor in an investment), including the repayment of principal

and interest with respect thereto, or evaluating, negotiating or conducting any other activities related to seeking to put in place or amend any such indebtedness or guarantee; (iv) financing, commitment, origination and similar fees and expenses; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker (including buy-side and sell-side fees) and similar deal sourcing payments or services and similar fees and expenses; (vi) brokerage, sale, custodial, depositary (including a depositary appointed pursuant to the AIFMD, compliance with the Swiss Collective Investment Schemes Act, dated June 23, 2006 (as amended) and the CISA and FINSA (including the appointment of the Swiss representative and paying agent), trustee, record keeping, account and similar services; (vii) legal, accounting, research (including any subscriptions to any periodicals or databases and dues or membership fees for industry trade groups and related organizations), auditing, technology, administration (including fees and expenses associated with the Fund's third-party administrator, third-party consultant and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), consulting (including costs related to hiring consultants (e.g., headhunter fees, background checks or relocation costs), retainer and other fees, incentive equity, stock awards, salary and other compensation paid to, and benefits or personnel costs (including employee benefit, payroll taxes, insurance, paid time off and other office space) provided to or on behalf of the Industry Advisors, Operating Partners (each, as defined below) and similar individuals or other advisors, consultants performing investment initiatives, due diligence and/or finding or evaluating potential investments or industry/market segments or providing services related to environmental, social and governance ("**ESG**") investment considerations and policies, and other similar consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (viii) reverse breakup, termination and other similar fees; (ix) directors and officers liability, errors and omissions liability, cyber-security, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses relating to any retention or deductibles and broker costs and commissions, and any consultants, data providers or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (x) filing, title, transfer, registration and other similar fees and expenses; (xi) printing, communications, mailing, courier, marketing and publicity; (xii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, other communications with partners or any other administrative, compliance or Fund-related or investment-related regulatory filings or reports (including Form PF, Bureau of Economic Analysis Reports), or other information, including fees and costs of any third-party service providers, distribution agents and professionals related to the foregoing; (xiii) any reporting, filing and other compliance (other than the initial registrations, filings, compliance and other offering obligations) contemplated by the AIFMD, the EU Sustainable Finance Disclosure Regulation and/or the EU Taxonomy Regulation, or any other related fees, costs and expenses; (xiv) compliance with any financial account reporting regime applicable to the Fund, any alternative investment vehicle and/or the General Partner, including the "Foreign Account Tax Compliance Act" or "FACTA" and the OECD Standard for Automatic Exchange of Financial Account information - Common Reporting Standard and any similar laws, rules and regulations, and any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining or upgrading any web portal, website, extranet tools, computer software (including accounting, investor reporting, ledger

systems, financial management and cybersecurity) or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or the Limited Partners; (xvi) any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs and expenses incurred in connection with U.S. state and non-U.S. data protection laws and/or the Freedom of Information Act); (xvii) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Fund's advisory board (including any out-of-pocket costs and expenses incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the Fund's advisory board); (xviii) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Partnership Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xvix) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xx) any annual Limited Partner meeting or other periodic, if any, meetings of the Limited Partners, any other conference, meeting, webcast or other video conference with any Limited Partner(s) (including any costs and expenses associated with venue, set-up, room and board, dining, entertainment, gifts, honorarium, presentations, lodging, meals, events, recording, production or speakers and other meeting or conference related costs) and any periodic executive forum of portfolio company management and/or other persons and related meal and entertainment expenses, in each case, to the extent incurred by the Fund, its General Partner or any affiliate of its General Partner in connection with the Fund; (xxi) except as otherwise determined by the Fund's General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up, structuring, restructuring and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities, and any other costs and expenses related to any structuring or restructuring of the Fund and/or its affiliated entities; (xxii) the termination, liquidation, winding up, structuring, restructuring or dissolution of the Fund; (xxiii) defaults by partners in the payment of any capital contributions; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund and any alternative investment vehicle of the Fund and, to the extent relating to any of the foregoing persons and/or its activities, the constituent documents of the General Partner and related entities, in each case, including the preparation, distribution and implementation thereof; (xxv) (A) complying with any law, rule, regulation, policy, directive or special measure related to the activities of the Fund (including in relation to privacy, data protection, know-your-customer, anti-money laundering, anti-corruption, sanctions or anti-terrorism considerations), including any legal administrator, consulting or other third-party service provider costs related thereto, and any ESG considerations, and regulatory expenses of the Fund's General Partner incurred in connection with the operation of the Fund and any costs related to compliance with any ESG or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or (B) the validation or other

confirmation of any payments made to the Fund or the General Partner (including pursuant to or otherwise in connection with any anti-money laundering laws, rules or regulations); (xxvi) (A) legal fees and expenses and/or (B) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Partnership Agreement; (xxvii) any third-party experts, including independent appraisers, engaged by the Fund's General Partner or its affiliates in connection with the Fund considering, making or holding an investment in the same entity as one or more investment vehicles (other than the Fund) managed or controlled by the Fund's General Partner or any of its affiliates; (xxviii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a Limited Partner or any Limited Partner's name change, internal restructuring or change in trust, registered agent or custodian (xxix) any taxes, fees and other governmental charges levied against the Fund and all costs and expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor by a Fund partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Partnership Agreement) and any costs and expenses of or related to the "partnership representative" and the "designated individual" of the Fund; (xxx) distributions to the Partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxxi) unreimbursed expenses and unpaid fees of the Industry Advisors and the Operating Partners; (xxxii) compliance or regulatory matters related to the Fund, except as set forth in the Partnership Agreement; (xxxiii) any travel (including the cost of using private aircraft or other private air travel not exceeding the cost of first class commercial airfare, ground transportation (including car service) and annual airport lounge fees and incidental travel expenses), lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxiv) developing, structuring, maintaining, operating and winding-up administrative structures in non-U.S. countries that are put in place to facilitate the investment activities of the Fund (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith), (xxxv) any expenses incurred by any member, manager, shareholder, partner, director, officer, employee, affiliate or personnel of the General Partner or Knox Lane, or any of their respective affiliates, including the Operating Partners, the Industry Advisors and/or portfolio company personnel in connection with attending conferences and hosting or attending training programs, including any applicable registration costs and exhibition, sponsorship or other presentation costs, venue, lodging, meals and other meeting or conference-related costs; (xxxvi) any organizational expenses; (xxxvii) any placement fees; and (xxxviii) any other fees, costs, expenses, liabilities or obligations approved by the Fund's advisory board. As a general matter, broken deal expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate business, transactions and relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, Fund expenses (and/or Transaction Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable

for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. To the extent holding or intermediate entities include one or more special purpose acquisition companies (“SPACs”), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders’ equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Governing Documents, such interests are permitted to be issued to Knox Lane and its personnel.

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for use of the facility. While Knox Lane believes such circumstances to be unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Knox Lane, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Knox Lane’s related policies and practices and the relevant Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, the full amount of any fees and expenses generated in the course of evaluating any such proposed transaction generally would be borne by the Fund, and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such expenses where permitted by such vehicle’s Governing Documents. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

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

## **Knox Lane Industry Advisors and Operating Partners**

Additionally, as further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, Knox Lane has created an operations team (the “**Operating Partners**”) comprised of persons (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) that are employees of the General Partner or any of its affiliates and whose primary role is to provide manufacturing, sales, marketing, technology, human resources, finance and accounting, product management, customer success, leadership, general management, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence or other similar services to the Fund, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Fund or any alternative investment vehicle. Knox Lane also expects to retain certain executives, consultants and industry professionals (the “**Industry Advisors**”) to provide board of directors services and services of the type that also may be provided by the Operating Partners to the Fund, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Fund or any alternative investment vehicle, which also are permitted to engage, retain or employ Industry Advisors directly.

Any compensation, including fees, incentive equity or other stock awards, salaries, bonuses, guaranteed minimums and other compensation paid to and benefits or personnel costs (including employee benefits, payroll taxes, insurance, paid time off and other office space), guaranteed minimums and any reimbursement of certain travel and other costs, received by Operating Partners generally is paid by a portfolio company or prospective portfolio company (which payments are not included as Transaction Fees) or directly by the Fund. In addition, certain Operating Partners and Industry Advisors are expected to participate in the Fund through the General Partner or other vehicles and will not bear carried interest or Management Fees. Any compensation, including fees and retainers, incentive equity, equity grants or other stock awards in a portfolio company or holding company, guaranteed minimums and any reimbursement of certain travel and other costs, received by the Industry Advisors are expected to be paid by a portfolio company or prospective portfolio company, but may also be paid directly by the Fund. Any equity or profits interest in a portfolio company generally would have a dilutive impact on the Fund’s investment, as well as the potential to result in significant economic gains to the recipient. Any compensation received by Industry Advisors is not included as Transaction Fees, and does not offset or otherwise reduce the Management Fee.

The use of Industry Advisors and Operating Partners subjects Knox Lane to potential conflicts of interest, as discussed under “Conflicts of Interest,” below.

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

As described under “Fees and Compensation,” the relevant General Partner generally receives a carried interest allocation on certain realized profits in the relevant Fund. Knox Lane also manages the Executive Funds and co-invest vehicles, which are not charged carried interest. This could present a conflict of interest with respect to the Executive Funds and co-invest vehicles because Knox Lane has an incentive to favor accounts for which it receives the highest performance-based compensation. Additionally, to the extent that Knox Lane personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to

potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

Knox Lane seeks to address the potential for conflicts of interest in these matters with allocation policies and practices that provide that transactions and investment opportunities are allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Knox Lane or any personnel.

The existence of performance-based compensation has the potential to create an incentive for the General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Knox Lane generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

## TYPES OF CLIENTS

Knox Lane provides investment advice solely to its Fund clients, and references throughout this Brochure to "clients" and to the Adviser's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the "**Investment Company Act**"). The investors participating in the Funds generally include individuals, banks or thrift institutions, insurance companies, fund-of-funds and other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Knox Lane and its affiliates (including portfolio companies) and members of their families, Industry Advisors, Operating Partners or other service providers retained by Knox Lane, as well as executives of portfolio companies.

For legal, tax, regulatory, accounting or other reasons, Knox Lane is authorized to form one or more alternative investment entities to make, restructure, or otherwise hold investments, including outside the Funds. Generally, in such event, each investor that participates in an alternative investment vehicle would do so on substantially the same terms and conditions as it participates in the Funds.

The Funds generally have a minimum investment amount of \$10 million for third-party investors. Such minimum investment amount is permitted to be waived by the General Partner. Fund interests are offered and sold solely to "accredited investors," as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and, unless waived in the discretion of the General Partner, "qualified purchasers" as that term is defined under the Investment Company Act (or certain qualified knowledgeable Knox Lane personnel).

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

### General

Knox Lane principally focuses on making control-oriented investments in middle-market companies, with a specific emphasis on founder and family-owned businesses operating across the consumer and services sectors.

The end markets that Knox Lane targets include (but are not limited to): marketing services, pharmaceutical services, residential services, commercial services, IT services, eCommerce services, food & beverage, personal care, beauty, consumer healthcare, medical spa and dermatological services, nutraceuticals, pet health, contract manufacturing & packaging, facility services and broader consumer services.

There can be no assurance that Knox Lane will achieve the investment objectives of any Fund and a loss of investment is possible.

### Investment Strategy

Knox Lane intends to take a fundamental approach to investing with a strong bias towards profitable companies and attractive unit economics. Although control investments are the core focus, Knox Lane selectively considers structured minority investments in which it can be a meaningful partner and have strong governance. The Knox Lane team (the “**Team**”) intends to utilize its experience to source, underwrite, and drive value creation.

The Knox Lane Team has significant experience investing in and operating middle-market businesses, which Knox Lane believes to be particularly well suited to its approach. Knox Lane intends to utilize its deep industry relationships and proactive sourcing approach to identify compelling investment opportunities early that may be proprietary or less competitive. The Team takes a deep, fundamental approach to underwriting, focusing on transformational value creation, long-term profitability and unit economics, rather than relying solely on sector momentum. After sourcing a potential investment, Knox Lane intends to follow a robust process to assess and underwrite companies. Knox Lane seeks to build the businesses that it acquires in partnership with their management teams by appropriately aligning incentives, defining a core set of objectives, and bringing capabilities to bear to accelerate these initiatives. Knox Lane further seeks to leverage its deep Target Ecosystem experience, an investor-operator mindset and relationships with industry executives to assist portfolio company management in transforming a business.

In addition, Knox Lane enlists Operating Partners whose primary responsibility will include working with Knox Lane’s portfolio companies to develop and enhance internal operations. In addition to these Operating Partners, Knox Lane also utilizes its Industry Advisors to help manage through such periods of transition either by offering strong board-level oversight or by recruiting specific professionals to join its portfolio companies on either a part-time or full-time basis.

The Governing Documents of each Fund set out its investment objectives, limitations and restrictions, which vary from Fund to Fund.



## **Risks of Investment**

Each Fund and its investors bear the risk of loss that Knox Lane's investment strategy entails. The risks involved with Knox Lane's investment strategy and an investment in a Fund include, but are not limited to, those described below.

*Business and Market Risks.* The Fund's investment portfolio is expected to consist primarily of securities and/or other interests issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war, pandemics and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist and investors should not invest unless they can readily bear the consequences of such loss.

*Future and Past Performance.* In considering the prior experience of the Team, prospective investors should understand that an investment in the Fund does not represent an interest in any investment or investment portfolio associated with their prior experience. Information about the prior experience of the Team is not necessarily indicative or a guarantee of the Fund's future results. There can be no assurance that the Fund will generate investment returns commensurate with the prior experience of the Team. Similarly, there can be no assurance historical trends will continue. An investor should not rely on any expectation and there can be no assurance that the risk/return profile of an investment in the Fund will resemble that of the Team's prior experience. An investor should only invest in the Fund as part of an overall investment strategy, and only if the investor is able to withstand a total loss of its investment in the Fund. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. An investment in the Fund should only be considered by persons or entities who can afford a loss of their entire investment.

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

*Concentration of Investments.* The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. In circumstances where the General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

To the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies than expected and thus be less diversified. If the Fund makes a co-investment with regards to any portfolio company, a Limited Partner participating outside the Fund in such co-investment may have increased exposure to such single portfolio company, potentially multiplying such Limited Partner's losses.

The Fund expects to provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Partnership Agreement, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

*Lack of Sufficient Investment Opportunities; Competition for Investments.* The activity of identifying, buying and selling private equity investments is highly competitive, involves a high degree of uncertainty, and is subject in some cases to the prevailing capital market, regulatory or political environment. The Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, governments, individuals, financial institutions, family offices, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives are expected to be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than the General Partner, the Fund and their affiliates. The General Partner expects that competition for appropriate investment opportunities may increase, which increases the likelihood that the Fund will need to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Fund and/or adversely affecting the terms upon which portfolio companies can be made. Participating in auctions will also increase the pressure on the Fund with respect to pricing of a transaction. Furthermore, given the increasingly competitive environment, the General Partner may find it more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund, or the ability to terminate a transaction if there has been a material adverse change in the company's business prior to closing of the investment. In addition, competitors for investment opportunities may be willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund-level guarantees. In the event a financing-related closing condition is not available to the Fund or if the Fund is required to provide a reverse break-up fee or guarantee in connection with a potential investment, the Fund may become obligated to consummate a transaction on less favorable terms or may be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made. There can be no assurance that the Fund will be able to locate, complete and exit investments which satisfy the Fund's rate of return objectives, or realize upon their values, or that it will be able to invest fully its committed capital. However, regardless of the extent to which the Commitments of the Limited Partners are invested (or drawn down to be invested), Limited Partners will be required to bear Management Fees through the Fund during the commitment period based on the entire amount of the Limited

Partners' Commitments to such Fund and other expenses as set forth in the Partnership Agreement. To the extent that the Fund encounters competition for investments, returns to Limited Partners may decrease including as a result of higher pricing, foregoing opportunities, or negotiating fewer transactional protections in order to remain competitive. Additionally, the Fund is expected to incur bid, due diligence, negotiating, consulting or other costs of investments, which may not be successful. As a result, the Fund may not recover all of its costs, which would adversely affect returns.

*Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Fund primarily through pursuing the investment strategy described herein, the General Partner is permitted to pursue additional investment strategies and to modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner is permitted to pursue investments outside of the industries and sectors in which the Team has previously made investments or have internal operational experience.

*Control Investments.* The Fund, either alone or together with co-investors, is expected to hold controlling interests in some of the portfolio companies in which it invests. The exercise of such control by the Fund may result in additional risks of liability for violations of governmental regulations (including securities laws), failure to supervise management or other types of liability in which the general limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Fund might suffer significant and material losses. Even when the Fund prevails in any such claims for liability, it may incur significant costs of defending against those claims. If the Fund co-invests with another investment fund (including another Knox Lane fund), an investor invested in such other investment fund may have exposure to a single portfolio company through more than one fund, potentially multiplying such investor's losses.

*Active Management.* The Fund expects to take majority positions in portfolio companies from time to time, which may be alongside other investors, such as institutions, other pooled investment vehicles and management. Depending upon the amount of equity owned by the Fund, any relevant contractual arrangements between a portfolio company and the Fund, and other relevant factual circumstances, such majority position could result in an extension of the ninety-day bankruptcy preference period to one year or longer with respect to payments made to the Fund. In addition, because of its equity ownership, representation on the board of directors, and/or contractual rights, the Fund may often be thought to control, participate in the management of or influence the conduct of such portfolio companies. This could expose the assets of the Fund to claims by such portfolio company, its employees, its other security holders, its creditors, its customers or governmental agencies.

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

an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund invests.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of the Adviser and the Fund. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact the Adviser and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

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

*Leveraged Investments.* The Fund is permitted to make use of leverage by incurring (or having a portfolio company incur) debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. As security for such borrowing or guarantees, the Fund is authorized to guarantee a portfolio company's debt and/or grant liens on any of the Fund's assets to the lender or other counterparty, which assets may not necessarily be limited to a single portfolio company. Such lender or other counterparty would, accordingly, have a claim that has priority over any claim by a Limited Partner to such assets in an insolvency event or proceeding. It is not expected that the Fund would be compensated for providing such guarantee or exposure to such liability. Co-investors are expected to receive the benefit of such guarantee, although as co-investors typically do not agree to participate in guaranty arrangements in negotiating to participate in a transaction, co-investors are not expected to bear a commensurate percentage of potential liability. Additionally, the Fund expects to borrow through a subscription-based credit facility (e.g., "**subscription line**"), which poses additional risks and potential conflicts of interest as further described below. The Fund also reserves the right to have a portfolio company incur leverage through the use of the Fund's subscription line or otherwise to finance operations and/or add-on investments. Leverage generally magnifies both the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability

of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Fund will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. In addition, the leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company as well as any guaranteed amounts, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Fund may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Fund's ability to generate attractive investment returns for the Fund as a whole. Any failure by lenders to provide previously committed financing could also expose the Fund to potential claims by sellers of businesses which the Fund may have been contracted to purchase. The Fund expects to periodically incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and will potentially have a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent the Fund incurs leverage (or provides such guarantees), such amounts may be secured by Commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund. Additionally, the incurrence of leverage or certain guarantees by the Fund or a Flow-Through Entity (as defined below) in (or through which) the Fund invests may cause tax-exempt Partners to recognize UBTI.

*Subscription Lines.* As indicated above, the Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments and the payment of expenses). Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the Limited Partners, Limited Partners may be obligated to contribute capital directly to the Fund's lenders and/or contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional expenses that will be borne by Limited Partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, including amendment fees, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating, amending or terminating the facility. Because a subscription line's interest rate is typically based in part on the creditworthiness of the Limited Partners and the terms of the Partnership Agreement, it may be higher than the interest rate a Limited Partner could obtain individually.

To the extent a particular Limited Partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even if it increases the Fund's reported returns. Calculations of performance in respect of the Fund as used in marketing and reported to Limited Partners are generally based on the payment date of capital contributions received from Limited Partners and not the date of an investment by the Fund. This treatment also applies in instances where the Fund utilizes borrowings under the Fund's subscription line in advance of receiving capital contributions from Limited Partners to repay any such borrowings and related interest expense. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for Limited Partners to make contributions to the Fund, which generally enhances the Fund's internal rate of return (and potentially other return) calculations and thereby increases the likelihood that the preferred return component of the Fund's carried interest waterfall will be met, and generally benefits the marketing efforts of the General Partner and its affiliates.

Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses. Co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility typically contains other terms that restrict the activities of the Fund and the Limited Partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the General Partner's ability to consent to the direct or indirect transfer of a Limited Partner's interest in the Fund or imposes concentration or other limits on the Fund's investments (and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy). In addition, in order to secure a subscription line, the General Partner is often required to request certain financial information and other documentation from Limited Partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more Limited Partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the Fund to make investments and pay expenses without calling capital, potentially for extended periods of time. To the extent provided in the Partnership Agreement, any such borrowing may remain outstanding for such time as the General Partner deems appropriate, potentially including through disposition of such investment, and the interest

expense and other costs of any such borrowings will be Fund expenses that may decrease net returns of the Fund. Calling a large amount of capital at once to repay the-then current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. The General Partner reserves the right to use Fund-level borrowing to pay Management Fees and to reimburse the Adviser and/or its affiliates for expenses incurred on behalf of the Fund.

The Fund is also permitted utilize fund-level borrowings when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

For purposes of distributions by the Fund, subject to the Partnership Agreement, Limited Partners would not receive a preferred return accrual on the amount invested by the Fund until such time as capital may be called from Limited Partners in respect of the investment.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed without a preferred return accrual on the amount invested by the Fund (due to the absence of invested capital funded by Limited Partners prior to the determination of carried interest distributions). Accordingly, borrowings by the Fund may support the distribution of proceeds to Limited Partners and increase the potential carried interest for the General Partner; however, the interest incurred by the Fund due to such borrowing would reduce such distributions and the carried interest received by the General Partner. If an investment acquired with proceeds of such borrowing loses value, Limited Partners may be subject to capital calls to fund that loss as a Fund expense by repaying the credit facility, including related interest and expenses. Subject to the limitations in the Partnership Agreement, if any, this conflict of interest may incentivize the General Partner to permanently fund the acquisition and ongoing capital needs of investments of the Fund and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

*Limited Transferability of Fund Interests.* There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable. Limited Partners may not be able to liquidate their investments prior to the end of the Fund's term and must be prepared to bear the risks of an investment in the Fund for an extended period of time.

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

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Fund will be vested with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of the Principals could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, the Principals expect to in the future, manage other investment funds besides the Fund, and the Principals expect to devote substantial amounts of their time to the investment activities of such other funds, which poses conflicts of interest in the allocation of the time of the Principals. Limited Partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

The Fund's investments may differ from previous investments made by the Team in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

*Projections.* Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the



company and third parties and assumptions made at the time the projections are developed. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* Numerous jurisdictions have enacted, or have committed to enact, legislation and administrative guidance requiring the collection and sharing of certain information in order to combat tax avoidance. The United States, pursuant to the Foreign Account Tax Compliance Act (“**FATCA**”) has entered into numerous intergovernmental agreements with various jurisdictions concerning the exchange of information as a means to combat tax evasion. In addition, the Organisation for Economic Co-operation and Development (the “**OECD**”) has published a global Common Reporting Standard for the exchange of information pursuant to which many countries have now signed multilateral agreements. One or more of these information exchange regimes are likely to apply to the Fund and/or alternative investment vehicles, and may require the General Partner to collect and share with applicable taxing authorities information concerning Limited Partners (including confidential information, such as financial information concerning a Limited Partner's investment in the Fund, any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling person (direct or indirect) of such Limited Partner and identifying information and amounts of certain income allocable or distributable to them). A Limited Partner's failure to provide required information may result in withholding taxes, government-imposed penalties, expulsion from the Fund or alternative investment vehicles or other potential remedies. In addition, FATCA generally imposes a withholding tax of 30% on a non-U.S. entity's share of most payments attributable to investments in the United States, including dividends and interest unless an exception applies. The Fund may be required to withhold such taxes from certain non-U.S. Limited Partners, unless an exception applies.

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

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

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

Additionally, the Fund may be required to incur additional costs and expenses in implementing structural changes in the conduct of the Fund's business, including to establish greater presence in certain jurisdictions in which the Fund invests or proposes to invest, and the Fund may also become directly or indirectly subject to additional tax liabilities (for example, through restrictions on or denial of the deductibility of interest expenses against taxable profits). The foregoing may make it less attractive or impractical to continue to invest in one or more jurisdictions. Additionally, such additional scrutiny may divert the General Partner's time, attention and resources from portfolio management activities.

In light of the heightened regulatory environment in which the Fund operates and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for the Management Company and its affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or the Fund, the General Partner or the Management Company in particular may result in increased expenses associated with the Fund's activities and additional resources of the Management Company being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for investors in the Fund or have an adverse effect on the ability of the Fund to effectively achieve its investment objective. Increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the Management Company, and may furthermore place the Fund at a competitive disadvantage to the extent that the Management Company is required to disclose sensitive business information.

As private equity firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private equity industry has recently been subject to criticism by some politicians, regulators and market commentators. Elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There can be no assurance that the foregoing will not have an adverse impact on the Management Company or the Fund or otherwise impede the Fund's activities.

*Availability and Adequacy of Insurance; Availability of Insurance Against Certain Catastrophic Losses.* While the Fund may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to

insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation. Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, severe weather, terrorist attacks or other similar events, may 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 can be difficult and expensive to insure against. Some insurers are excluding terrorism coverage from their all-risks policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against all potential causes of damage or loss. If a major uninsured loss occurs, the Fund could lose both invested capital in and anticipated profits from the affected investments.

*Misconduct of Employees, Independent Contractors and Third-Party Service Providers.* Misconduct or misrepresentations by employees and independent contractors of the General Partner or the portfolio companies, or by third-party service providers, could cause significant losses to the Fund. Employee or independent contractor misconduct may include binding the Fund or a portfolio company to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities, concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses) or making misrepresentations regarding any of the foregoing. Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize transactions and misappropriating assets. In addition, employees, independent contractors and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities. Despite the General Partner's due diligence efforts, misconduct and intentional misrepresentations may be undetected or not fully comprehended, thereby potentially undermining such due diligence efforts. As a result, no assurances can be given that the due diligence performed by the General Partner will identify or prevent any such misconduct.

*Tax Laws Adversely Affecting Management Company Employees and Other Service Providers.* U.S. federal income tax law treats certain income allocations to service providers by partnerships such as the Fund (including any carried interest) as short term capital gain taxed at higher ordinary income rates unless such partnership has held the asset which generated such gain for more than three years. This could adversely affect the Principal, employees of the Management Company or other individuals associated with the Fund or the General Partner who were or may in the future be granted direct or indirect interests in the General Partner entitling such persons to benefit from carried interest. As a result, such persons' after-tax returns from the Fund and the General Partner could be reduced, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Fund. This could also create an incentive for the General Partner to cause the Fund to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

In addition, this three-year holding period requirement for capital gains treatment in respect of carried interest may create the potential for conflicts of interest between the General Partner and Limited Partners. For example, the General Partner may cause the Fund to borrow more frequently, in greater amounts, or for longer periods, hold investments for longer than it would absent adverse

tax consequences to the General Partner from a shorter holding period, or waive or defer the distribution or allocation of carried interest to the General Partner, potentially changing the character or amount of income allocated to Limited Partners. The General Partner will generally have the authority to control these decisions and any positions taken by the Fund in respect of tax elections or income allocations.

*Alternative Investment Fund Managers Directive.* The Alternative Investment Fund Managers Directive (the “AIFMD”), as implemented in each member state of the European Economic Area (“EEA”) and as implemented and retained by the United Kingdom (“UK”) following its departure from the European Union (the “EU”), regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors in the EEA and the UK respectively.

To the extent the Fund is actively marketed to investors domiciled or having their registered office in the EEA or the UK: (i) the Fund, the General Partner and/or the Fund’s management company will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional costs and expenses; (ii) the Fund, the General Partner and/or the Management Company may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, which would result in the Fund incurring additional costs and expenses or may otherwise affect the management and operation of the Fund; (iii) the General Partner and/or the Management Company will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Fund in relation to EEA or UK portfolio companies, including, in some circumstances, the Fund’s ability to recapitalize, refinance or potentially restructure a portfolio company within the first two years of ownership, which may in turn affect the operations of the 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 may make it more difficult for the Fund to raise its targeted amount of Commitments.

*United Kingdom Exit from the European Union.* On January 31, 2020, the UK formally withdrew from the EU (“**Brexit**”). After this, the UK entered into a transition period during which the majority of the existing EU rules continued to apply in the UK. Following the end of the transition period on December 31, 2020, EU rules ceased to apply in the UK.

Although the terms of the UK’s future relationship with the EU were agreed in a trade and cooperation agreement signed on December 30, 2020, this did not include an agreement on financial services. In the absence of a formal agreement on this issue, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to substantially many of the same rules and regulations as prior to Brexit. However, the UK Government has stated its intention to recast onshored EU legislation as part of UK legislation and

regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on the Fund and its investments, including the ability of the Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions).

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

ESG Matters. Knox Lane has established an ESG framework, which it and the General Partner intend to apply as applicable to the Fund's investment portfolio, consistent with and subject to its fiduciary duties and applicable legal, regulatory or contractual requirements. Depending on the investment, the impact of developments connected with ESG factors, including environmental compliance and business ethics and transparency, could have a material effect on the return and risk profile of the investment. The act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by the General Partner or a third-party ESG advisor will reflect the beliefs or values, internal policies or preferred practices of any particular Limited Partner or other asset managers or reflect market trends. Considering ESG factors when evaluating an investment in certain circumstances may, to the extent material risks associated with an investment are identified, cause the General Partner not to make an investment that it would have made or to make a management decision with respect to an investment differently than it would have made in the absence of such consideration. Additionally, ESG factors are only some of the many factors that the General Partner expects to consider in making an investment. Although Knox Lane considers the application of its ESG framework to be an opportunity to potentially enhance or protect the performance of its investments over the long-term, Knox Lane cannot guarantee that its ESG program, which depends in part on qualitative judgments, will positively impact the performance of any individual investment or the Fund as a whole. Similarly, to the extent the General Partner or a third-party ESG advisor engages with portfolio investments on ESG-related practices and potential enhancements thereto, there is no guarantee that such engagements will improve the performance of the investment. Successful engagement efforts on the part of the General Partner or a third-party ESG advisor will depend on the General Partner's skill in properly identifying and analyzing material ESG and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful.

The materiality of ESG risks and impacts on an individual asset or issuer and on a portfolio as a whole depends on many factors, including the relevant industry, location, asset class and investment style. ESG factors, issues, and considerations do not apply in every instance or with respect to each investment held, or proposed to be made, by the Fund, and will vary greatly based

on numerous criteria, including, but not limited to, location, industry, investment strategy, and issuer-specific and investment-specific characteristics. In evaluating a prospective investment, the General Partner often depends upon information and data provided by the entity or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause the General Partner to incorrectly identify, prioritize, assess or analyze the entity's ESG practices and/or related risks and opportunities. To the extent the General Partner receives certain ESG information reported by investments of the Fund, the General Partner does not intend to independently verify such ESG information, and may decide in its discretion not to utilize, report on, or consider certain information provided by such investments. Any ESG reporting will be provided in the General Partner's sole discretion.

In addition, Knox Lane's ESG framework, including Knox Lane's ESG Policy and associated procedures and practices, is expected to change over time. Knox Lane is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives based on cost, timing or other considerations. It is also possible that market dynamics or other factors will make it impractical, inadvisable or impossible for the General Partner to adhere to all elements of the Fund's investment strategy, including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to the Fund's portfolio generally.

Further, ESG integration and responsible investing practices as a whole are evolving rapidly and there are different principles, frameworks, methodologies and tracking tools being implemented by asset managers, and Knox Lane's adoption of and adherence to such principles, frameworks, methodologies and tools may vary over time. For example, Knox Lane's ESG framework does not represent a universally recognized standard for assessing ESG considerations. Knox Lane is currently a signatory to the United Nations' Principles for Responsible Investment (UNPRI). This initiative may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. There is no guarantee that Knox Lane will remain a signatory of this initiative or other similar industry frameworks.

Finally, there is also growing regulatory interest, particularly in the U.S., UK, and EU (which may be looked to as models in growth markets), in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. Knox Lane's ESG program and the General Partner could become subject to additional regulation and/or risk of regulatory scrutiny in the future, and the General Partner cannot guarantee that its current approach (including the ESG policy) or the Fund's investments will meet future regulatory requirements, reporting frameworks or best practices, increasing the risk of related enforcement. Compliance with new requirements may lead to increased management burdens and costs.

*Need for Follow On Investments.* Following its initial investment in a given portfolio company, the Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Fund will make follow on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow on investments or its inability to make such

investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

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

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

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

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

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("**CFTC**") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of the Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Liability of Limited Partners. Generally, a Limited Partner should not be personally liable for the debts of the Fund except that, in the event the Fund is otherwise unable to meet its obligations, the Limited Partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them, subject to certain limitations set forth in the Partnership Agreement.

Investments Longer than Term. The Fund may make investments which may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the General Partner has a limited ability to extend the term of the Fund, the Fund may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of the Fund the General Partner will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as the General Partner shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

Significant Adverse Consequences for Default. The Partnership Agreement provides for significant adverse consequences in the event a Limited Partner defaults on its Commitment or any other payment obligation. In addition to reductions in its capital account balance, preclusion from further investment in the Fund and losing its right to potential distributions from the Fund, a defaulting Limited Partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest. The General Partner retains sole discretion in whether to exercise the remedies against a defaulting Limited Partner and which remedy to pursue, and the General Partner may require the non-defaulting Limited Partners to contribute capital to make up for the shortfall created by a defaulting Limited Partner.

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

General Partner's Carried Interest and Management Fee. The fact that the General Partner's carried interest is based on a percentage of net profits creates an incentive for the General Partner and/or its employees to cause the Fund to make riskier and more speculative investments or to hold an investment longer than otherwise would be the case. Additionally, certain tax rules applicable to individuals participating in the carried interest may create an incentive for the General Partner to cause the Fund to hold investments for at least three years, or to defer or waive the allocation and distribution of certain carried interest in exchange for an interest in future carried interest (as permitted under the Partnership Agreement), either of which could create conflicts of interest between the General Partner's desired tax treatment and the timing of investment realizations or character of income allocated to Limited Partners. Such deferral of the receipt of



carried interest also generally has the offer of increasing net fund returns thereby benefitting the General Partner and its affiliates. In addition, because the Fund has a fixed investment period after which capital from Limited Partners generally may only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Fund, calculated based upon the invested capital of the Fund, the Management Fee structure creates an incentive for the General Partner to deploy capital, and to keep such capital deployed, when it might not otherwise have done so. In addition, during periods when the Management Fee is calculated based on Commitments or capital invested, the amount of Management Fees will not be reduced based on reductions in investment value unless otherwise specified in the Partnership Agreement. As a general matter, the Management Fee will be payable during term extensions unless otherwise specified in the Partnership Agreement.

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

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

*Distressed Investments.* The Fund is authorized to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. It may take a number of years for the market price of distressed securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (e.g., due to failure to obtain requisite approvals), or will be delayed (e.g., until various liabilities, actual or contingent, have been satisfied). In the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

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

*Credit Risk.* The Fund will potentially invest in debt and debt-related instruments, which are subject to interest rate and credit risks. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument directly (particularly in the case of instruments the rates of which are adjustable) and indirectly (particularly in the case of fixed rate securities). 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.

"Credit risk" refers to the likelihood that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due or otherwise defaults on its obligations to the Fund and/or that the guarantors or other sources of credit support for such persons do not satisfy their obligations. Financial strength and solvency of an issuer and any applicable guarantors are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Although the Fund may make investments that the General Partner believes are secured by specific collateral the value of which may initially exceed the principal amount of such portfolio companies or the Fund's fair value of such portfolio companies, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such portfolio company, or that such collateral could be readily liquidated. Under certain circumstances, collateral securing a portfolio company may be released without the consent of the Fund or the Fund's expected rights to such collateral could be voided or disregarded. In particular, the Fund's investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, the Fund may not have priority over other creditors as anticipated. The Fund's aggregate returns would be adversely impacted if an underlying issuer of debt portfolio companies or a borrower under a loan in which the Fund invests became unable to make such payments when due.

Credit risk may change over the life of an instrument. Although the Fund does not intend to acquire debt securities on the secondary market or otherwise invest in syndicated loans, to the

extent it does so, evaluating credit risk will involve greater uncertainty, because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such instrument.

The ratings assigned by Moody's or S&P to loans or other debt instruments that may be acquired by the Fund reflect only the views of those agencies. Explanations of the significance of ratings should be obtained from Moody's or S&P. No assurance can be given that ratings assigned will not be withdrawn or revised downward if, in the view of Moody's or S&P, circumstances so warrant.

*LIBOR, and Other Benchmark Interest Rates.* To the extent that the Fund's investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate ("**LIBOR**") or other benchmark or reference rates (each, a "**Benchmark Rate**"), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Fund and its portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

*Director Liability.* The Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests, (each, a "**Board Representative**"). In those instances where the Fund is not the sole shareholder of the applicable portfolio company, a Board Representative may have duties to persons and/or entities other than the Fund. Serving on the board of directors (or similar governing body) of a portfolio company will expose a Board Representative, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities. Co-investors and/or co-investment vehicles may indirectly benefit from the General Partner's appointment of such directors, although co-investors (including their respective co-investment vehicle, even if managed by the Management Company) will not typically bear the cost of liability insurance related to such appointment to the extent additional liability insurance is purchased by the Fund.

*Limitation of Recourse and Indemnification.* The Partnership Agreement will limit the circumstances under which the General Partner and its affiliates will be held liable to the Fund. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreement will provide that the Fund will indemnify the General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Fund and may receive

advances for any fees, costs and expenses incurred in the defense or settlement of any claim that may be subject to a right of indemnification. The fees, costs and expenses (whether or not advanced) and other liabilities resulting from the Fund's indemnification obligations will generally be paid by or otherwise satisfied out of the assets of the Fund, including the unpaid capital obligations of the Limited Partners. In addition, if the assets of the Fund are insufficient to satisfy the Fund's indemnification obligations, the General Partner may recall distributions previously made to the Limited Partners, subject to certain limitations set forth in the Partnership Agreement. The General Partner may cause the Fund to purchase insurance for the Fund, the General Partner, the Management Company and their employees, agents and representatives, including to cover actions that would not be indemnifiable under the Partnership Agreement, although there can be no assurance that any such insurance will be sufficient, available to satisfy the specific claims that may arise or generally available on commercially reasonable terms. Such indemnification obligations could materially impact the returns to Limited Partners.

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

*Advisory Board.* The General Partner will appoint one or more Limited Partner representatives to an advisory board. The Partnership Agreement will provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to the Fund or any other partner. Members of an advisory board may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory board for consideration or review. In addition, representatives of the Fund's advisory board may have various business and other relationships with the Fund's management company and its partners, employees and affiliates. These relationships may influence their decisions as members of the advisory board. To the extent that a Limited Partner is not represented by a member of an advisory board, such Limited Partner will have no influence over matters submitted to the advisory board for review or approval.

*Concentration of Voting by Limited Partners and Advisory Board.* The Limited Partners and the limited partners of any parallel investment entity generally vote on all matters on a combined basis and based on aggregate Commitments as set forth in the Partnership Agreement. Accordingly, action by limited partners in a parallel investment entity or actions by relatively large investors could affect the outcome of votes submitted to the Fund.

*Delayed Tax Information.* The Fund likely will not be able to provide final tax filing information to Limited Partners for any given fiscal year until after the initial tax filing deadlines for Limited Partner tax returns. Accordingly, Limited Partners should plan to obtain extensions of the filing dates for their income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Fund.

General Tax Considerations. An investment in the Fund involves complex U.S. and non-U.S. tax considerations that will differ for each investor depending on the investor's particular circumstances. The investment decisions of the General Partner and the Management Company will be based primarily upon economic, not tax, considerations and could result, from time to time, in adverse tax consequences to some or all Fund partners. There can be no assurance that the structure of the Fund or of any investment will be tax-efficient for any particular investor. Prospective investors are urged to consult their own tax advisors with reference to their specific tax situations.

Loans in Lieu of Distributions. Pursuant to the Partnership Agreement, certain distributions to the General Partner may be deferred to the extent the amount distributable exceeds the General Partner's tax basis in the Fund. In such case, the deferred distribution amount may be loaned by the Fund to the General Partner. Any interest accruing with respect to such a loan will be allocated and distributed solely to the General Partner.

Tax Liability Considerations. The Fund may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by the U.S. Internal Revenue Service (the "IRS") or other taxing authority, a Limited Partner might be found to have a different tax liability for that year than that reported on its federal income tax return. In addition, an audit of the Fund may result in an audit of the returns of some or all of the Limited Partners, which examination could result in adjustments to the tax consequences initially reported by the Fund and affect items not related to a Limited Partner's investment in the Fund. If such adjustments result in an increase in taxable income for any year, the Fund or one or more of the Limited Partners may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Fund's tax return will be borne by the Fund. The cost of any audit of a Limited Partner's tax return will be borne solely by the Limited Partner. The taxation of partnerships and partners is complex. Prospective Limited Partners are strongly urged to review the disclosure included in Fund's Memorandum and to consult their own tax advisors.

Changes in United States Tax Law. All statements contained herein concerning the U.S. federal income tax (or other tax) consequences of an investment in the Fund are based on existing law and interpretations thereof. Changes in U.S. federal income tax (and other tax) laws could materially affect the tax consequences of a Limited Partner's investment in the Fund, and the tax treatment of the Fund's investments. U.S. and other tax legislation may be enacted in the future, and administrative tax guidance may also be issued in the future, in each case possibly with retroactive effect. While some changes in tax laws could be beneficial, others could negatively affect the after-tax returns of the Fund and the Limited Partners. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment in the Fund, or of investments made by the Fund, will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of the Limited Partner.

Taxation in Investee Jurisdictions. The Fund or the Limited Partners may be subject to income or other tax in jurisdictions in which the Fund invests. Additionally, withholding taxes or branch taxes may be imposed on earnings of the Fund from portfolio investments in such jurisdiction. In addition, local tax incurred in a jurisdiction by the Fund or vehicles through which it invests may not entitle Limited Partners to either (i) a credit against tax that may be owed in

their respective home tax jurisdictions or (ii) a deduction against income taxable in such home jurisdictions by the Limited Partners, including the U.S. Finally, tax laws, regulations, tax treaties, as well as judicial and administrative interpretations thereof, may change, possibly with retroactive effect, in such a manner as to adversely impact a portfolio company's, the Fund's or a Limited Partner's tax treatment. In particular, the laws in some countries governing the tax treatment of foreign investment are evolving, and in some cases are being amended to increase the tax burdens imposed on private equity funds. Such developments could severely reduce the value of the Fund's investments, restrict the Fund's ability to realize income and capital gain on an efficient basis or eliminate the Fund's ability to make any investments in certain countries and certain of these developments may have a disproportionate effect on certain Fund partners depending on their tax status. In addition, investments or operations by the Fund or its affiliates in certain countries could require the Fund or its partners to file tax returns, residency certifications or other information with the tax authorities in such countries.

*General Partner Deemed Capital Contributions.* A portion of the General Partner's commitment will be satisfied through deemed capital contributions, rather than cash contributions, and there will be a corresponding reduction in Management Fees. At the times the General Partner is credited with deemed capital contributions, Limited Partners (other than certain Limited Partners with respect to which Management Fees are not charged) will be required to make additional capital contributions to the Fund. This may result in an acceleration of Limited Partner capital contributions. In addition, due to the reduced Management Fees or timing of receipt of compensation subject to Management Fee offsets (as described below), it is possible that such offsets will not be fully realized by the Limited Partners until liquidation of the Fund and the refunding of any unapplied offset, resulting in a benefit to the General Partner until such liquidation.

*U.S. Federal Income Tax Liability Resulting from IRS Audits.* U.S. federal income taxes arising from an IRS audit will be paid by the Fund absent an election to the contrary. In addition, a "partnership representative" (or a "designated individual thereof") will have the power to act on behalf of the Fund and its Partners in all IRS audits and other proceedings involving the Fund's U.S. federal income, loss, deductions, and credits.

*Income Tax Allocations.* The General Partner (and its beneficial owners) may be subject to tax treatment in respect of its share of income arising from the carried interest and its capital commitment to the Fund, including tax treatment that differs materially from the taxation of similar items to certain Limited Partners, that could create the potential for conflicts of interest. For example, various tax rules (including the three-year holding period requirement for capital gain treatment in respect of carried interest) could create an incentive for the General Partner to cause the Fund to borrow more frequently, in greater amounts, or for longer periods; hold investments for longer than it would absent adverse tax consequences to the General Partner from a shorter holding period; or waive or defer the distribution or allocation of carried interest to the General Partner, potentially changing the character or amount of income allocated to Limited Partners. The General Partner will generally have the authority to control these decisions and any positions taken by the Fund in respect of tax elections or income allocations.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear

of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. Furthermore, such confidence may be adversely affected by local, regional or global health crises including but not limited to the rapid and pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19. Such health crises could exacerbate political, social and economic risks previously mentioned and result in significant breakdowns, delays and other disruptions on a local, regional and global scale, which are likely to have adverse effects on the operating performance of affected portfolio companies. A climate of uncertainty, including the spread of infectious viruses or diseases, may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty, including the uncertainty stemming from the spread of infectious viruses or diseases, or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

*Market Conditions.* The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) will also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007, the downgrading of the credit rating of the United States in 2011 and the COVID-19 pandemic, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Fund's ability to raise funding to support its investment objective.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* The ability of the Fund and the portfolio companies to effectively execute their respective strategies will be dependent, in some respects, on the health of the U.S. and global credit

markets. A widening of credit spreads, coupled with the deterioration of the subprime and global debt markets and/or a rise in interest rates, has historically dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms during such times. The Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Fund to realize its investments at favorable times or for favorable prices.

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

Material Non-Public Information. As a result of the operations of the Management Company and its affiliates, the Management Company frequently comes into possession of confidential or material, non-public information. Therefore, the Management Company and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Fund. Consequently, the Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Management Company's internal policies. Due to these restrictions, the Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Unfunded Pension Liabilities of Portfolio Companies. In at least one circuit, a court found that, in certain circumstances, an investment fund could be treated as a "trade or business" for purposes of determining pension liability under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Therefore, where an investment fund owns 80% or more (or under



certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. The Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund may own an 80% or greater interest in such a portfolio company. If the Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under ERISA, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Valuation of Investments.* Generally, the General Partner will determine the value of all the Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of the Fund's investments because, among other things, the securities of portfolio companies held by the Fund generally will be illiquid and not quoted on any exchange. The General Partner will determine the value of all the Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the General Partner with respect to an investment will represent the value realized by the Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the Fund's investment portfolios and risks, and may also affect the diversification and management of the Fund's portfolio of investments.

*National Security Investment Clearance.* In some cases, investments by the Fund involving the acquisition of or investment in a U.S. business or assets with a nexus to U.S. interstate commerce (including a U.S. subsidiary or branch of a company domiciled outside of the United States) may be subject to review and approval by the Committee on Foreign Investment in the United States ("CFIUS"). In the event that CFIUS reviews one or more investments, there can be no assurances that the General Partner, the Management Company or the Fund will be able to maintain or proceed with such portfolio companies on acceptable terms and any review and approval of a Fund investment may have outsized impacts on transaction certainty, timing, feasibility, and cost, among other things. Additionally, CFIUS may seek to impose limitations on one or more such portfolio companies that may prevent the Fund from maintaining or pursuing investment opportunities that the Fund otherwise would have maintained or pursued, which could adversely affect the performance of the Fund's investment in such portfolio companies and thus the performance of the General Partner and the Management Company. Legislation to reform CFIUS was signed into law in August 2018 and regulations to implement this legislation became effective in 2020. This legislation and implementing regulations, among other things, expand the scope of CFIUS' jurisdiction to cover more types of investments and empowers CFIUS to scrutinize more closely investments in U.S. technology, data, and infrastructure companies,

including investments involving foreign limited partners and foreign co-investors that may be deemed “non-passive.” Moreover, parties to certain transactions involving foreign persons and U.S. “critical technology” companies must submit filings to CFIUS at least 30 days in advance of closing. Many of the Fund’s transactions may involve investments into “critical technology” companies. Failure to submit required filings may result in significant financial penalties for each transaction party, as well as reputational damage and potential legal restrictions on future investments. In addition, CFIUS is actively pursuing transactions that were not notified to it and may ask questions regarding, or impose restrictions or mitigation on, transactions post-closing. Such restrictions and mitigation can include, among other things, restrictions on foreign persons’ ability to influence or govern a target company, pre-approval by the U.S. government of certain business decisions, and/or divestiture of some or all of a target company’s business.

Certain of the limited partners of the Fund are expected to be non-U.S. investors, and in the aggregate, may comprise a substantial portion of the Fund’s aggregate commitments, which may increase the risks of such limitations or restrictions on investments being imposed. While the General Partner may take steps (including, but not limited to, placing limitations on limited partners’ governance rights) to help ensure that Fund investments are not within the jurisdiction of CFIUS or to improve the Fund’s regulatory profile to help obtain approval of CFIUS, there can be no assurance that any restrictions implemented on any such Limited Partner or any such group of Limited Partners will allow the Fund to maintain, or proceed with, any investment, that the Fund’s investments will be exempt from CFIUS and/or other FIC requirements, or that CFIUS will not seek to ask questions about a transaction or will approve a particular transaction. Additionally, the Fund may invest in companies that are, or may become, subject to CFIUS requirements based on pre-existing foreign ownership and control; in such cases, CFIUS requirements may adversely impact a portfolio company’s ability to obtain or retain business or otherwise make it more difficult for the Fund to realize a profit from an investment.

Moreover, other countries continue to strengthen their own national security investment clearance regimes, and the Fund’s investments outside of the U.S. may also face delays, limitations, or restrictions as a result of compliance with these legal regimes. Heightened scrutiny of foreign direct investment worldwide may make it more difficult for the Fund to identify suitable buyers for investments upon exit and may constrain the universe of exit opportunities for an investment in a portfolio company and may make it more difficult for the Fund to realize value from such investments.

*Other Regulatory Restrictions.* Anti-money laundering, anti-boycott, export and import controls, and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the General Partner or the Fund from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or entities owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. The economic sanctions and related laws of different jurisdictions in which the Fund makes investments also may conflict with one another, such that compliance with all applicable laws may be difficult. Failure by the General Partner, the Fund or any of the Fund’s portfolio companies to comply with OFAC or other relevant sanctions

could have serious legal and reputational consequences, including civil and criminal penalties. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to the acquisition of a portfolio company by one fund managed by the Management Company or its affiliates may preclude the Fund from making an attractive acquisition or require the Fund to sell all or a portion of certain portfolio companies owned by them. The Fund will require each investor to make representations and warranties with respect to compliance with anti-money laundering and sanctions regulations, including those promulgated by OFAC. Where an investor or a related person is or becomes the target of sanctions or otherwise violates or would cause the Fund to violate applicable law, the Fund may be required immediately and without notice to such investor to cease any further dealings with the investor and/or the investor's interest in the Fund and/or freeze such investor's assets in the Fund's possession until the investor ceases to be subject to such sanctions or violations (a "**Sanctioned Persons Event**"). The Fund and the General Partner have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by any investor as a result of a Sanctioned Persons Event.

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

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, the Fund and the General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, its investors.

*Cybersecurity Breaches and Identity Theft.* Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners, may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. The General Partner, the Management Company, the Fund's, service providers and its portfolio companies' information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses; infiltration by unauthorized persons and security breaches; and other disruptive behavior including denial-of-service attacks. Furthermore, the General Partner, the Management Company, the Fund's service providers and its portfolio companies may be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The General Partner, the Management Company, the Fund's portfolio companies, the Fund's service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Fund and the Limited Partners, despite efforts to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Fund and the Limited Partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the General Partner, the Management Company, the Fund's portfolio companies, the Fund's service providers, counterparties, or data within these systems, including through phishing or ransomware attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers, or other users of the General Partner's or the Management Company's systems to disclose sensitive information in order to gain access to the General Partner's data or that of the Management Company or the Limited Partners (including Limited Partner account and wire instructions). Similarly, third parties may attempt to fraudulently issue capital call notices or other requests to Limited Partners that purport to come from the General Partner or the Management Company, and/or induce Limited Partners to disclose wire and account information. To the extent that the General Partner, the Management Company, the Fund or a portfolio company is subject to cyber-attack or other unauthorized access is gained to such entity's systems, such entity would be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or company financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; (v) assets or (vi) other items. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks, and the risks of attack are expected to be heightened in remote work environments.

If technology or security systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner, the Management Company, the Fund and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Management Company's, the Fund's and/or a portfolio company's operations, including the ability to make

distributions to Limited Partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner's, the Management Company's, the Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims (from an individual or a governmental body) or otherwise affect their business and financial performance. In addition, the General Partner's, the Management Company's, the Fund's and/or a portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates for incurred liabilities.

*Privacy Law Compliance Risk.* The adoption, interpretation and application of data protection and information security laws and regulations (“**Privacy Laws**”) could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Management Company, the General Partner, the Fund and/or its portfolio companies, and as such could increase costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Management Company, the General Partner, the Fund and/or its portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

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

*Disclosure of Information.* Certain Limited Partners will be subject to state public records or similar freedom of information laws, which may compel public disclosure of confidential information regarding the Fund, its investments and its Limited Partners. There can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise, including for purposes of complying with regulations or policies to which the Fund, the General Partner, the Management Company, their affiliates, portfolio companies or service providers to any of them may be or become subject.

*Epidemics, Pandemics and Market Disruption.* The Firm's business may be materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of the Firm's control. This includes but is not limited to, economic uncertainty, slowdown in global growth, changes in laws (including laws relating to taxation and regulations on the financial industry), geo-political clashes (such as the current war in Ukraine), due to disease, pandemics or other severe public health events. Worth noting as well are trade and travel barriers, volatility in commodity prices, currency exchange rates and controls and other national and international political circumstances. Disease, pandemics, or other severe public health events (such as novel strain of coronavirus from December 2019) may necessitate

partial or complete remote work. Heavy reliance on external sources for information and technology may make a business more vulnerable to cybersecurity incidents and cyberattacks. See “Cybersecurity Breaches and Identity Theft” above for an additional discussion about cybersecurity risks.

*Weather and Climate Risk.* Global climate change is widely considered to be a significant threat to the global economy. Real estate assets in particular may face risks associated with climate change, including risks related to the impact of climate-related legislation and regulation (both domestically and internationally), risks related to climate-related business trends, and risks stemming from the physical impacts of climate change, such as the increasing frequency or severity of extreme weather events and rising sea levels and temperatures. Additionally, the Paris Agreement and other regulatory and voluntary initiatives launched by international, federal, state, and regional policymakers and regulatory authorities as well as private actors seeking to reduce GHG emissions may expose real estate assets to so-called “transition risks” in addition to physical risks, such as: (i) political and policy risks (e.g., changing regulatory incentives and legal requirements, including with respect to GHG emissions, that could result in increased costs or changes in business operations), (ii) regulatory and litigation risks (e.g., changing legal requirements that could result in increased permitting, tax and compliance costs, changes in business operations, or the discontinuance of certain operations, and litigation seeking monetary or injunctive relief related to impacts related to climate change), (iii) technology and market risks (e.g., declining market for assets, products and services seen as GHG intensive or less effective than alternatives in reducing GHG emissions) and (iv) reputational risks (e.g., risks tied to changing investor, customer or community perceptions of an asset’s relative contribution to GHG emissions). The General Partner cannot rule out the possibility that climate risks, including changes in weather and climate patterns, could result in unanticipated delays or expenses and, under certain circumstances, could prevent completion of investment activities or the effective management of real estate assets once undertaken, any of which could have a material adverse effect on an investment, or the Fund.

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

*Recycling; Reinvestment.* As set forth in the Partnership Agreement, the General Partner has the right to recycle certain amounts distributed to the partners. Accordingly, during the term of the Fund, a partner may be required to make capital contributions in excess of its Commitment (with certain limitations), and to the extent such recycled amounts are invested in investments, a Partner will remain subject to investment and other risks associated with such investments.

*Fees and Expenses.* The Fund will pay and bear all expenses related to its operations, including Management Fees and the costs of sourcing, holding, monitoring, maintaining and

disposing of investments, including investment banking fees and consulting fees, whether or not the Fund makes any profits. While it is difficult to predict the future expenses of the Fund, such expenses are expected to be substantial and may surpass the Fund's operating income. The amount of these Fund expenses will reduce the actual returns realized by Limited Partners on their investment in the Fund (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of the Fund expenses ultimately called or called at any one time could exceed expectations.

The General Partner reserves the right to agree with Operating Partners and Industry Advisors, joint venture or similar partners, service providers, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on the Fund's investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation.

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

*Control Person Liability.* The Fund is expected to have controlling interests in a number of its portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, the Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, the Fund might suffer significant losses. While the General Partner intends

to manage the Fund in a manner that will minimize the exposure of these risks, the possibility of successful claims against the Fund and/or its affiliates cannot be precluded.

*Disclosure of Confidential Fund and Investor Information.* It is expected that certain Limited Partners will be subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding the Fund, its investments and its investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. The Fund may incur expenses in connection with responding to any such disclosure requests, even if the Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the Limited Partners will have pursuant to the Partnership Agreement to maintain the confidentiality of the Fund information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise. The General Partner may also, in an effort to protect any such potential disclosure, withhold all or any part of the information otherwise to be provided to such a Limited Partner in certain circumstances, as more fully described in the Partnership Agreement. There can be no assurance that such information will not be disclosed by the Fund, the General Partner, the Management Company, their affiliates and personnel, portfolio companies or services providers to any of them including to comply with laws, regulations or policies to which they are or may become subject. Any public disclosure of the Fund information could have an adverse effect on the Fund and its investors, for example, by affecting the Fund's competitive advantage in finding attractive investment opportunities.

*Use of Alternative Investment Vehicles.* The General Partner has the authority to structure the making of, or restructure, a portfolio company or any portion thereof (or the holding thereof if after the initial consummation of such portfolio company) outside of the Fund by requiring any or all of the partners to make such investment directly or indirectly through one or more alternative investment vehicles. The partners will bear the expenses of any such alternative investment vehicles. The structural attributes of certain alternative investment vehicles may result in divergent return characteristics for certain Limited Partners. For example, the General Partner may elect to structure an alternative investment vehicle that may result in favorable tax treatment for one set of Limited Partners but less favorable tax attributes for another.

*Russian-Ukraine Conflict.* There is currently an ongoing military conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Fund or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the



ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

***Inflation.*** High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Fund's investments and its aggregated returns. For example, if a portfolio company were unable to increase its revenue while the cost of relevant inputs were increasing, such portfolio company's profitability would likely suffer. Likewise, to the extent a portfolio company has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, such portfolio company could increase revenue by less than its expenses increase. Conversely, as inflation declines, a portfolio company may see its competitors' costs stabilize sooner or more rapidly than its own. This has recently resulted in a strengthening of the US dollar vis-à-vis many other currencies but there can be no assurances that such trends will continue and/or that this trend will not reverse such that the US currency is weakened vis-à-vis other currencies. Additionally, because the preferred return is not linked to the rate of inflation, as the rate of inflation increases the proportion of real returns (i.e., the nominal rate of return less the rate of inflation) treated as preferred return decreases and the proportion of real returns subject to performance-based compensation increases. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Fund.

***Financial Institution Risk; Distress Events.*** An investment in the Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "**Financial Institution**") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, Knox Lane, any General Partner, the Fund and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no

assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

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

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

### **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of the Funds, and providing transaction-related, legal, management and other services to Funds, SPACs and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Documents, although the Funds and their respective investments and other investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund likely will conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. The Adviser believes

that the significant investment of the principals in the Funds, as well as the principals' interest in the carried interest, operate to align, to some extent, the interest of the principals with the interest of the Limited Partners, although the principals have or may have economic interests in such other investment funds (including the Funds) and investments and receive fees, carried interest or other compensation relating to these interests. Such other investments that the principals may control or manage may compete with the Funds or companies acquired by the Funds. At such time as the Adviser is permitted to raise a successor Fund to a current Fund, the principals will continue to manage the current Fund's investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to the current Fund's investments. Certain investments may be allocated between the Funds in a manner as set forth in the Partnership Agreement. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

Until such time as the Adviser is permitted under the Partnership Agreement to raise a successor investment fund to the applicable Fund, the principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the Fund principally for the benefit of the Fund, subject to certain exceptions set forth in the Fund's Governing Documents. Without limitation, the principals currently manage, and expect in the future to manage, several other Funds and investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investment funds and investments. Knox Lane's personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. The Adviser's principals and the Adviser's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Adviser's principals expect from time to time to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, the Adviser's principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in the Adviser's sole discretion, the Adviser and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity.

Over time, certain investment opportunities suitable for a Fund are likely also to be suitable for Funds sponsored by the Adviser or its affiliates. In determining which Funds should participate in such investment opportunities, subject to the Partnership Agreements, the Adviser, the principals and their affiliates are subject to potential conflicts of interest among the investors in the relevant Funds. Except as required by the relevant Governing Documents, the Adviser is not obligated to recommend any investment to any particular investment vehicle. Unless restricted by the Governing Documents, Knox Lane personnel are permitted to serve on boards or act in other roles unaffiliated with Knox Lane, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees. Subject to any limitations in the applicable Partnership Agreement, personnel of the General Partner and/or the Management Company are expressly

authorized to carry on investment activities for their own account and for family members, friends or others who do not invest in the Fund, whether or not through a formal family office or estate planning structure, and will potentially give advice and recommend securities to vehicles which will differ from advice given to, or securities recommended or bought for, the Fund, even though their investment objectives are the same or similar. Such persons are also permitted to have capital investments in or alongside the Fund, or in prospective portfolio companies. Such investments also may be (directly or indirectly through investment vehicles sponsored by potential competitors) in the same industries as the Fund invests. Such personnel also potentially will pay or receive compensation relating to these arrangements.

To determine which Funds will participate in the relevant investment opportunity, the Adviser generally assesses whether an investment opportunity is appropriate for the relevant Fund(s) based on the terms of such Fund's Governing Documents, as well as factors that the Adviser deems appropriate, including, but not limited to: (i) investment objectives, investment strategies and guidelines of the Funds, (ii) the level of control expected with the investment, (iii) the overall equity expected to be invested by the applicable Fund(s) with respect to such opportunity, including for follow-on investments, (iv) the expected hold period for such opportunity, (v) the sector and geography/location of the investment, (vi) the specific nature (including size, type, amount, liquidity, anticipated maturity and minimum investment criteria) of the investment, (vii) the expected risk adjusted return of the investment, (viii) the expected leverage on the investment, (ix) the amount of uncalled capital available to be invested by any applicable Fund(s), including taking into account future capital requirements, (x) the amount of time remaining in the investment period or term of any applicable Fund(s), (xi) any applicable limitations in the governing documents or side letters of any applicable Fund(s), including concentration limits and the requirement to excuse any investor of any such Fund from investing in such opportunity, (xii) the existing or anticipated future portfolio construction of any applicable Fund(s), (xiii) mandatory minimum investment rights and other contractual obligations applicable to participating Funds and/or to their investors, (xiv) portfolio diversification and relative exposure to market trends, (xv) the avoidance of de minimis allocations to one or more participating Funds, (xvi) the potential dilutive effect of a new position, (xvii) the relation to existing investments in a Fund, if applicable (e.g., "follow on" to existing investment, joint venture or other partner to existing investment, or same security as an existing investment), (xviii) the overall risk profile of a portfolio, (xix) facts, circumstances and preferences applicable to any investor of any applicable Fund(s), (xx) conflicts considerations, (xxi) investment goals and diversification considerations of any applicable Fund(s), (xxii) co-investor participation, (xxiii) legal, tax, regulatory, policy, restrictions and other similar considerations, (xxiv) strategic benefits associated with any applicable Fund(s) and (xxv) any other factors deemed relevant by Knox Lane and its affiliates. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. The Fund generally reserves the right to invest together with other Funds in the manner set forth in the relevant Governing Documents. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. In the event that the available amount of an investment opportunity in which a Fund invests exceeds an amount appropriate for the Fund, such excess may also be offered to one or more potential investors, as discussed below.

The Adviser determines 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 the Adviser's obligations and reserves the right to take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue or other characteristics. In addition, the Adviser's allocation of investment opportunities among Funds is not always, and often will not be, proportional. Therefore, such allocations may be more advantageous to a Fund relative to one or all of the other Funds, or vice versa. While the Adviser allocates investment opportunities in a way that it believes is fair and equitable, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject did not exist.

Following such determination of allocation among Funds, the Adviser reserves the right to offer co-investment opportunities to one or more potential co-investors, including certain investors, Adviser personnel, Operating Partners, Industry Advisors and other service providers and other persons associated with Knox Lane, other sponsors, market participants, finders and consultants, as determined by the Funds' Governing Documents, Side Letters and the Adviser's Allocation Policy. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the Adviser in its sole discretion, may not be in the best interests of the Fund or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, the General Partners may consider some or all of a wide range of factors including but not limited to: (i) whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived degree of that interest; (ii) the expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; (iii) the prospective co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the prospective co-investor's investment process), and to otherwise successfully and efficiently execute the transaction, in a timely manner with respect to the timeframe in which the General Partner believes favorable transaction terms may be achieved based on their history of consummating co-investment opportunities; (iv) any tax, regulatory, securities laws and/or other legal considerations with respect to the prospective co-investor (e.g., qualified purchaser or qualified institutional buyer status); (v) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vi) the perceived ease of process in coordinating or completing the investment with the prospective co-investor or prospective co-investors similar thereto; (vii) the General Partner'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 the General Partner's ability to execute the relevant transaction in the desired time or on desired terms; (viii) the size of the investment allocation available to the General Partner (and not being allocated to any other investment funds and entities managed by the General Partner or any of its affiliates) and the practicality of splitting the allocation into smaller tranches; (ix) the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors

that can realistically participate in the transaction; (x) any requirements of any third-party lenders as to the identity of any investors participating as co-investors, or as to the creditworthiness of any co-investors, or as to the number of co-investors, or as to other matters with respect to the investors in the transaction; (xi) whether the prospective co-investor is considered “strategic” to the investment because it is able to offer the General Partner or its affiliates or any funds or entities which they manage certain services or benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether the General Partner believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships (including formal or informal strategic relationships) that have the potential to provide longer-term benefits to the General Partner or its affiliates or any funds or entities which they manage; (xii) whether the prospective co-investor has a history of consummating co-investment opportunities with the General Partner or its affiliates; (xiii) whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity; (xiv) the likelihood that the prospective co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the underlying portfolio company, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the investor would be willing to defer to the General Partner and assume a more passive role in governing the investment); (xv) whether the prospective co-investor has any interests in any competitor of the underlying investment; (xvi) the expected investment holding period; (xvii) the services provided by the prospective co-investor in connection with the investment and/or to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment), including sourcing, establishing relationships, participating in diligence, providing operational or financing services post-closing and other services; (xviii) the size of the prospective co-investor’s interest to be held in the underlying portfolio company as a result of the investment of another fund or entity managed by the General Partner or its affiliates (which is likely to be based on the size of the prospective co-investor’s capital commitment and/or investment in such entity); (xix) whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions; (xx) the size and/or timing of a prospective co-investor’s commitment to the Fund or another fund sponsored by the General Partner or its affiliates and (xxi) other factors that the General Partner considers important in connection with the specific transaction or investment.

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

In addition, from time to time, the Adviser in order to consummate a transaction or facilitate the acquisition of a portfolio company and ensure a Fund is afforded an investment opportunity or otherwise, may cause the Fund to fund (or commit to fund) on behalf of certain co-investors with

a view to selling down a portion of such investment to such co-investors or other persons at a later time or prior to or within a period after the closing of the acquisition. The Fund may or may not receive compensation for such activities. If the Fund does not find co-investors and/or in the event that the co-investors breach their covenant to purchase the investment from the Fund, the Fund will have an allocation to an investment that is larger than originally anticipated. In addition, the Fund will bear the risk that any or all of the excess portion of such investment could only be sold on unattractive terms. If the excess portion of such investment has not been sold, the Fund may bear the entire portion of any other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company and could realize lower than expected returns from such investment.

Where a proposed transaction that was to have included one or more co-investors is not consummated, the full amount of any broken deal expenses relating to such proposed transaction will typically be borne by the Funds, and not by any prospective co-investors that were to have participated in such transaction. In some cases, a Fund may co-invest with third parties through a variety of structures, such as partnerships, joint ventures or other entities or arrangements. Typically, the Funds will bear such broken deal expenses regardless of whether any co-investor(s) had yet been identified or confirmed, or whether any co-investment vehicle had yet been formed in connection with the relevant transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to also bear its share of such expenses. Conversely, the Adviser and its affiliates generally do not permit prospective co-investors to benefit from break-up fees (if any), and the Funds would generally expect to receive the entirety of the fee (other than amounts allocable to other co-lead investors or other private funds managed by the Adviser or its affiliates), to the extent not applied to reimburse the Adviser or its affiliates, prospective co-investors or others for certain expenses incurred in connection with such transaction.

Furthermore, the Adviser or its related persons reserve the right 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 Limited Partners. Limited Partners, 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 the Adviser expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the “most-favored nation” provisions of a Fund’s Governing Documents 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 General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside the Fund, the Adviser and its affiliates subject to potentially conflicting interests in connection with these investments. The Adviser'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.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Knox Lane in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Adviser and its affiliates expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). Although Knox Lane generally intends to structure Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, Knox Lane intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or an affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any



default by any Fund or an affiliate, whether or not related to the Fund in which such limited partners have invested. In certain circumstances Funds are expected to be prohibited from exercising (or the Adviser may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. Knox Lane intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness.

Additionally, potential conflicts of interest are expected to arise when and to the extent a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other Fund. This likely will result in differences in price, investment terms, leverage and associated costs between the Fund and any other Fund. To the extent multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit the investment at the same time or on the same terms. The Adviser and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. There can be no assurance that the Fund's return on such an investment will be the same as the returns achieved by any other Fund participating in the transactions. In addition, the Adviser and/or its affiliates reserve the right to enter into transactions on behalf of a Fund and/or successor Funds, or co-investors or co-investment vehicles, in which a Fund buys securities from, or sells securities to, such other Funds, co-investment vehicles or persons. Such transactions potentially will arise in the context of automatic or other re-balancing of an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. In some cases, a portfolio company of a Fund may be merged with or into a portfolio company owned by another Fund. Any such transactions raise potential conflicts, including where the assets of one Fund support positions taken by other Funds. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Governing Documents or otherwise in the sole discretion of the applicable Funds' General Partners, such General Partner reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or "arm's-length" nature of a purchase or sale price), whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of the Adviser, or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board) to such transactions. In certain circumstances, the Adviser may not obtain such an opinion or consent and reserves the right to

determine that the willingness of a third-party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to the Funds under then-current market conditions. Whether or not such consent is obtained or there is a fairness opinion or a third-party investor, the Adviser intends to conduct such transactions in a manner that the Adviser believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to a Fund.

The Adviser expects to be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. The Adviser, in its sole discretion, will allocate fees and expenses in accordance with the relevant Partnership Agreement and in a manner that it believes is fair and equitable to the Fund under the circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-investors receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has a greater benefit to a Fund or the Adviser and/or its affiliates. The Funds are expected to have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

The Funds generally make controlling investments in portfolio companies. As a result of these controlling interests, the Adviser typically has the right to appoint portfolio company board members (including current or former Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and/or other amounts payable to the Adviser and/or its affiliates in connection with services provided by the Adviser and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Partnership Agreement's offset provision, are in addition to the Management Fee or carried interest discussed herein. The Adviser's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to the Adviser subjects the Adviser, the Adviser and its affiliates and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse the Adviser, Operating Partners, Industry Advisors or other service providers retained at the Adviser's discretion for expenses (including, without limitation, travel expenses) incurred by the Adviser, Operating Partners, Industry Advisors or such other service providers in connection with the performance of services for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreement and its internal reimbursement policies and practices, the Adviser determines the amount of these reimbursements for such services in its own discretion. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements.

Over the life of a Fund, the Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services or enter into other transactions with various service providers, potentially including, among others: (i) the Adviser (or an affiliate, which may include other portfolio companies of the Fund or other investment funds sponsored by the Adviser or an affiliate) and at rates determined or substantively influenced by the Adviser; (ii) an entity with which the Adviser 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, including relationships with joint venturers or co-venturers, or relationships where Adviser personnel are seconded, or from which the Adviser receives secondees; or (iii) a Limited Partner (or a Limited Partner of another Fund) or its affiliates. For example, the Adviser may from time to time initiate transactions or service agreements between two or more portfolio companies of a Fund and/or other Funds and may engage certain Limited Partners or their affiliates that are engaged in lending or related businesses to provide financing and/or other services in connection with a Fund's investments. Potential conflicts of interest arise in initiating such transactions, as the Adviser has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies. Similarly, the Adviser has incentives to engage Limited Partners to provide services to a Fund and/or its portfolio companies, including financing, to maintain goodwill with such Limited Partners including with respect to investments made or that may be made in such Fund or another Fund. As a result, in each case, the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements.

The foregoing subjects the Adviser to conflicts of interest, because although it initiates transactions and selects or recommends service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser has a potential incentive to recommend the related or other person (including a Limited Partner) because of its financial or other business interest. Additionally, there is a possibility that the Adviser, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the Adviser or the Funds), may favor such transaction, retention or continuation even if a better price and/or quality of service provider could be obtained from another person. The Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Adviser generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, from time to time, the Adviser expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships these persons have the potential to have information advantages relative to other investors or co-investors. Whether or not the Adviser has a relationship with or receives financial or other benefit from recommending a particular transaction or service provider, there can be no assurance that no other transaction would be more beneficial or that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

The Adviser and/or its affiliates reserves the right to, from time to time, employ personnel, including Operating Partners and Industry Advisors with pre-existing ownership interests in or who were employed or retained by portfolio companies owned by the Funds or other investment

vehicles advised by the Adviser; conversely, current or former personnel or executives of the Adviser and/or its affiliates (including Operating Partners and Industry Advisors) are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser, its affiliates and/or the Fund or other investment vehicles the Adviser advises and/or portfolio companies. In other circumstances, these vendors are expected to provide personal banking, private wealth or other lending arrangements (including lending arrangements with respect to personal investments in or through Knox Lane entities, whether or not relating to financing the Adviser personnel obligations to fund General Partner commitment obligations) to Knox Lane personnel and their estate planning vehicles. The Adviser expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to a Fund or a portfolio company owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser or one or more other Funds. Also, for example, the Adviser reserves the right to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in any future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment. The Adviser expects to be subject to a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

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

longer-term or permanent basis. Employees may or may not return to Knox Lane at the end of such secondee arrangement.

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

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's Limited Partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than the Adviser deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its Limited Partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. Conversely, the General Partner and its beneficial owners potentially will decide to sell such securities within a short period of time, which could have an adverse impact on the price of securities that are held by Limited Partners at the time of such sale. Limited Partners in receipt of a distributed investment will have no guidance from relevant the General Partner with respect to disposition of such investment (including timing of such disposition). To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its Limited Partners.

Except to the extent prohibited by the relevant Partnership Agreement, Knox Lane and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the

Governing Documents and anti-“assignment” provisions of the Advisers Act, Knox Lane and its personnel are also permitted to offer, restructure and monetize interests in Knox Lane.

The fact that the General Partner’s carried interest is based on a percentage of net profits creates an incentive for the General Partner to cause the Funds to make riskier and more speculative investments or to hold an investment longer than otherwise would be the case. In addition, because the Funds have a fixed investment period after which capital from Limited Partners generally may only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Funds, calculated based upon the invested capital the Funds, the Management Fee structure creates an incentive for the General Partner to deploy capital when it might not otherwise have done so.

As described above, the Adviser and/or its affiliates employ, on behalf of the Funds and/or the portfolio companies, as applicable, Operating Partners, which may be affiliates of the Adviser, employees or former employees of the Adviser or such affiliates or portfolio companies of other Funds. The Adviser is authorized to designate Operating Partners in its sole discretion. The Operating Partners are expected to provide services to, or in connection with, the Funds in relation to their activities, or to one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies such as manufacturing, sales, marketing, technology, human resources, recruiting, finance and accounting, product management, customer success, leadership, general management, board of director, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence or other similar services (the “**Services**”).

The Adviser and/or its affiliates are authorized to retain and/or recommend that the Funds and/or the portfolio companies, as applicable, retain or employ Industry Advisors which generally include executives, third-party consultants and/or professionals with whom Knox Lane has a relationship, including affiliates of the Adviser, employees or former employees of the Adviser or such affiliates or portfolio companies of other Funds. The Industry Advisors are authorized to provide Services to, or in connection with, a Fund in relation to its activities, or to one or more portfolio companies or prospective portfolio companies. Industry Advisors may be exclusive to Knox Lane although in many cases exclusivity is not expected. Industry Advisors have the ability to perform services for other private fund sponsors, financial institutions, companies and other market participants, including those that compete with Knox Lane, the Funds and/or their portfolio companies, and there is the potential for conflicts of interest to arise with respect to such Industry Advisors.

Subject to the Partnership Agreement, any compensation, including fees and costs (including expenses) associated with the Services performed by Operating Partners and Industry Advisors (collectively “**Compensation**”), are paid and/or reimbursed by applicable portfolio companies and/or the Funds, and Compensation does not offset or reduce the Management Fee, and is not otherwise covered by the Management Fee. Compensation is expected to include cash fees, retainers, salaries, bonuses (whether or not based on pre-determined milestones), guaranteed payments, incentive equity, stock awards or other non-cash compensation related to the Fund and/or its portfolio companies, and benefits and personnel costs (including employee benefits, payroll taxes, insurance, paid time-off and office space). Additionally, the Adviser is authorized

to provide opportunities for Operating Partners and/or Industry Advisors to invest in the Funds and/or separately its portfolio companies (without the payment of Management Fees or carried interest) and cause the Funds and/or portfolio companies to reimburse costs and expenses (including travel, meals, lodging and reasonable and customary entertainment) incurred by Operating Partners or Industry Advisors. Operating Partners and/or Industry Advisors also may receive remuneration from the Adviser and/or the Funds or their affiliates and/or be entitled to other forms of compensation. Separately, Operating Partners are permitted to receive office space, health insurance, business cards, email addresses and other employment benefits and may make use of other Adviser resources, and certain Industry Advisors are permitted to receive similar benefits and resources from time to time. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner or Industry Advisor will not offset the Management Fee. To the extent that Operating Partners and Industry Advisors are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or the Fund will bear a greater share of such compensation due to the utilization of the Operating Partner or Industry Advisor's Services at a time when fewer of the Management Company's other Funds or their portfolio companies make use of such Operating Partners and Industry Advisors. Operating Partners and/or Industry Advisors are potentially will have an equity or profit interest in a Fund, the Adviser or in an affiliate of the Adviser or the portfolio companies of a Fund, and generally are not expected to pay a management fee or carried interest with respect to such interests. Furthermore, Operating Partners and Industry Advisors are generally permitted to participate in the Funds through the General Partners or other vehicles and generally will not bear carried interest or Management Fees. To the extent that Operating Partners or Industry Advisors are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of such person's services at a time when fewer portfolio companies or Funds make use of such person. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by the Operating Partner and/or Industry Advisor.

The General Partner intends to allocate Compensation between a Fund (and its alternative investment vehicles, portfolio companies or prospective portfolio companies), on the one hand, and Knox Lane, on the other, in a manner that it believes is fair and equitable, typically based on the entity receiving the services provided by the Operating Partners and Industry Advisors, and based on its internal policies, practices and procedures and the Partnership Agreement. The type, amount and allocation of Compensation is permitted to be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner or Industry Advisor, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts believed to be charged by other providers for comparable services and/or a percentage of cash flows from such portfolio company. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund's investments, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Compensation as well as fees, costs and expenses of structuring Compensation arrangements. The General Partner will face conflicts of interest in determining the allocation of Compensation. For example, Knox Lane generally will not be allocated Compensation that relates to services performed by Operating Partners or Industry Advisors for the Fund, alternative investment vehicles and/or portfolio companies or prospective

portfolio companies. However, these services are also expected to provide a direct or indirect benefit to Knox Lane and/or its affiliates including other Funds. Therefore, the General Partner has an incentive to classify a particular service as being for the Fund, an alternative investment vehicle and/or a portfolio company or prospective portfolio company, even though it may directly or indirectly benefit Knox Lane and/or its affiliates, in whole or in part. Similarly, the General Partner reserves the right to determine in its sole discretion whether to hire or designate an employee as an Operating Partner or Industry Advisor, and has an incentive to do so in order to shift costs to the Funds and/or its portfolio companies that would otherwise be borne by Knox Lane as overhead, and to avoid any offset to the Management Fee with respect to Compensation paid to such persons. In addition, under certain circumstances, the General Partner is permitted to redesignate an employee as an Operating Partner or an Industry Advisor (and vice versa), and therefore their compensation would be borne by the Fund and/or the appropriate portfolio company. In doing so, the Management Company faces a conflict in determining the extent to which the Fund or its portfolio companies bear the related Compensation, since Compensation borne by the Fund and/or its portfolio companies would reduce the costs that the Management Company would be required to bear. Such determinations involve inherent matters of discretion by the Management Company and as described above, the Management Company has the potential to derive benefits from the Services provided by such personnel in their capacity as Operating Partners and Industry Advisors. Operating Partners or Industry Advisors also are permitted to become employed by portfolio companies, and therefore their compensation similarly would be borne by the applicable portfolio companies. Accordingly, any such personnel redesignation or change in employment relationship would increase the costs and expenses directly or indirectly borne by the Fund. The allocation of Compensation may not be proportional, and any such determinations involve inherent matters of discretion by the General Partner.

Although the Adviser anticipates that Operating Partners and Industry Advisors will be employed or retained by the Adviser and/or its affiliates with a view to reducing costs to portfolio companies or prospective portfolio companies (and, ultimately, the Fund) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings. As a general matter, there can be no assurance that the services rendered by the Operating Partners or Industry Advisors will be effective and result in Fund returns. Moreover, the Adviser and/or its affiliates only anticipate employing, engaging or retaining Operating Partners and Industry Advisors that they believe provide services that will create value, while providing them with competitive Compensation and other benefits commensurate with their experience and perceived ability to create value. However, there can be no assurance that there are no other personnel or service provider more qualified to provide the applicable services and/or able to provide them at lesser cost and the General Partner does not undertake any benchmarking against other service provider rates.

With respect to the Fund's control investments, the Management Company will generally have the right to direct actual and prospective portfolio companies to engage or retain Operating Partners and Industry Advisors, and such control position and/or the Management Company's or its affiliates' membership on a portfolio company's board generally are expected to diminish or eliminate portfolio company management's ability and/or incentive to negotiate fees or expenses of Operating Partners and Industry Advisors. However, in certain cases, including where the Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of the Operating



Partners and Industry Advisors. In such cases, where the Management Company believes the Services of the Operating Partners and/or Industry Advisors will benefit a portfolio company, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive any returns that result from Operating Partner and Industry Advisor Services.

From time to time the Adviser also expects to retain individual or entity consultants/independent contractors, including “external executives,” strategic partners, “executive partners” or “senior advisors” on a case-by-case basis in its sole discretion to provide services similar or in addition to those described above. Such consultants are expected to receive Compensation, benefits, opportunities and other compensation similar to Operating Partners and Industry Advisors as described above, and such amounts generally will be paid by the Funds, any alternative investment and/or any portfolio company or prospective portfolio company and will not offset or otherwise reduce the Management Fee, and are not otherwise covered by the Management Fee.

Since the Adviser is permitted to retain certain Transaction Fees (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, Transaction Fees are based on an upfront flat amount established with Knox Lane and/or its affiliates at the time of engagement, or enterprise value or revenues or other metrics relating to a portfolio company, but also have the potential to be charged on a flat-fee basis or based on another metric, and there can be no assurance that the amount of Transaction Fees charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. Additionally, the Adviser, its personnel, affiliates or others designated by the Adviser expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the relevant Governing Documents are applied (typically based on the net cash proceeds from the sale of such securities), the Adviser and/or such other recipients will be permitted to retain such securities as Transaction Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Adviser or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund’s relative ownership of the portfolio company awarding such compensation.

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

sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

In certain cases, the Adviser will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors. However, the General Partner is also authorized to purchase Limited Partner interests for its own account and generally has no obligation to offer such interests to Limited Partners.

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

The Adviser is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners, e.g., based on commitment amount to a Fund or the timing thereof, the ability of a Limited Partner to provide sourcing or other services to the Adviser, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, its affiliates and personnel, or the Funds. Such rights, terms or confirmations in any such side letter or other similar agreement may potentially include (i) different economic terms, including reduced management fees, modified waterfall mechanics and/or reduced carried interest and/or receipt of a portion of the General Partner's or its affiliates' management fees, other fees and/or carried interest; (ii) the ability to opt-out of certain types of investments (including with respect to investments in certain geographies and/or industries); (iii) the right to receive certain additional information, certifications, reporting and/or notifications from the Fund or the General Partner or any of their affiliates and/or the manner in which information and/or notice shall be provided; (iv) the right to transfer Fund interests and to cause such transferee to be admitted to the Fund as a substitute Limited Partner; (v) the offering of, and/or participation in, co-investment opportunities; (vi) the right to withdraw from the Fund in the event of adverse tax or regulatory events or violations of law or policies or in the event the investor's commitment in the Fund would exceed a certain percentage of the Fund's aggregate commitments; (vii) additional confidentiality protections; (viii) the right to disclose certain information to underlying investors, the public, regulators or certain other persons; (ix) structuring rights with respect to certain types of investments; (x) modification of default remedies; (xi) investment pacing restrictions; (xii) limits on indemnification; (xiii) rights relating to the appointment of a representative to serve as a member and/or observer of the Fund's advisory board, (xiv) rights with respect to legal, regulatory

or policy requirements applicable to any such Limited Partner or its affiliates, or (xv) certain other terms whether economic, procedural or otherwise. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make a Commitment of a certain amount or Commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the Adviser, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject the Adviser to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory board results in the investor receiving additional information relative to other investors. That being said, pursuant to SEC requirements, the Adviser may be required to disclose the details of certain side letter arrangements to all investors in an applicable Fund but the Adviser will not disclose the particular investor(s) with which it has entered into such agreements. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant Limited Partner at the expense of the relevant Fund or of Limited Partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more Limited Partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a Limited Partner defaults on a drawdown in respect of an investment.. Although the Adviser believes it to be unlikely, excuse or other rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in Limited Partner investment returns or exposures to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A Limited Partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more Limited Partners' voting rights generally will increase the voting rights percentage of other Limited Partners in the relevant Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

The relevant liability standards under insurance coverage procured by the Adviser are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents.

regardless of whether the liability and/or indemnity standards in the Adviser's insurance coverage are higher or lower than that set forth in the Governing Documents.

As discussed above, if a Fund enters into any indebtedness with one or more other Funds or any of its affiliates on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Management Company may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances, Funds may be prohibited from exercising (or the Management Company may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other may be subject to creditor claims regarding subordination of interests. The Management Company intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness.

The General Partners reserve the right to institute a program under which portfolio companies owned by the Funds are given the option to participate in purchasing, vendor or similar arrangements with other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a group wide basis. The General Partners expect to allocate any fees and third-party administration costs for the program among the relevant funds and portfolio companies. In certain cases, such arrangements will involve the sharing of risk, such as under group insurance arrangements where deductibles are shared or calculated with regard to the group rather than individual insured parties. The General Partners and their affiliates reserve the right to also participate in the program in exchange for an allocable portion of such fees and costs, and receive similar benefits and discounts as the portfolio companies participating therein. No such amounts will offset or reduce the Management Fee. The General Partners believe the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the Funds) that will result if the rates for goods and services are discounted due to scale or relative to those widely available in the market.

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

reserves the right to use, share, license, sell or monetize Knox Lane Information, without offset to Management Fees, and the Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Fund or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or Limited Partners; no such rewards will offset the Management Fee.

As with other private equity fund sponsors, as part of the Management Company’s business, the Principals, the Management Company and its employees have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of the Management Company or prior firms of the Principals. Certain of these third parties are expected, from time to time, to: (i) introduce investment opportunities to the Management Company; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) solicit investors for the Funds; and/or (vi) provide investment banking, consulting, legal or advisory services to the Management Company, such funds and/or portfolio companies. Such third parties are also expected, from time to time, to provide goods or services to or have business, personal, political, financial or other relationships with the Principals and to provide gifts and entertainment to Management Company personnel in respect of services provided to the Funds or their portfolio companies even though the Funds and portfolio companies bear such service provider costs. In addition, such third parties are permitted to invest in one or more Management Company funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to the Management Company, the Funds and/or their portfolio companies. These relationships have the potential to influence the General Partner and the Management Company in deciding whether to select or recommend any such third-party to perform services for the Fund or a portfolio company. The cost of any services provided by such third parties generally will be borne directly or indirectly by the Fund or its portfolio companies, as applicable.

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

## **DISCIPLINARY INFORMATION**

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

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

The Adviser is affiliated with the General Partner, which is subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. These affiliated entities operate as a single advisory business together with the Adviser and serve as managers or general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

Knox Lane has adopted the Knox Lane Code of Ethics and Securities Trading Policy (the "Code"), which sets forth standards of conduct that are expected of Knox Lane's principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Knox Lane personnel to report their personal securities transactions, prohibits or requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Knox Lane personnel from directly or indirectly acquiring beneficial ownership of limited offerings and certain other securities, without first obtaining approval from the Knox Lane Chief Compliance Officer. In addition, the Code of Ethics requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code of Ethics will be provided to any investor or prospective investor upon request to Ivor van Esch, the Knox Lane Chief Compliance Officer, at (415) 651-2279. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

Knox Lane and its affiliated persons may come into possession, from time to time, of material, non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Knox Lane and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Knox Lane.

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

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

In addition to the foregoing and subject to any limitations in the Partnership Agreement, the Adviser and its affiliates, the principals and employees are expected from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which could differ from advice given to, or securities recommended or bought for, the Fund, even though their investment objectives are the same or similar. Such investments may be (directly or indirectly through investment vehicles sponsored by potential competitors) in the same industry as the Funds invest, and may compete with the Funds for investment opportunities, and/or compete with portfolio companies of the Funds.

The Adviser is authorized, from time to time, to advance funds on behalf of a Fund and contribute such borrowed amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing is typically borne by the relevant Fund as a Fund expense, consistent with the Governing Documents. Similarly, the Adviser or an affiliate from time to time is expected to sign nondisclosure agreements or other deal documentation in view of future participation by one or more Fund(s), although this typically is done as a courtesy and without compensation from a Fund.

In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the Limited Partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a Limited Partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs. The relevant General Partner generally will not participate in a Fund-level borrowing

facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the limited partners. The Adviser will effect such borrowings consistent with a Fund's Governing Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

### **BROKERAGE PRACTICES**

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

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser reserves the right to consider a variety of factors, including: (i) a broker's execution capabilities with respect to the relevant type of order; (ii) the commissions charged by a broker, which may be based on the size of the order, the price of the security and whether the receipt of products or services is involved; (iii) the broker's reputation and responsiveness to requests for trade data and other financial information; and (v) other factors suggested by the SEC for determining best execution.

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

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception. To the extent the Adviser uses "soft dollars" on behalf of the Funds, it intends to seek to do so within the safe harbor provided by Section 28(e) of the Exchange Act.

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



From time to time, the Adviser is permitted, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders are permitted to be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Adviser is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they likely will have the effect of increasing brokerage commissions or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds.

The Funds generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided the Adviser believes they are fair and equitable to its clients under the circumstances over time.

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

## **REVIEW OF ACCOUNTS**

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

Each Fund generally will provide to its limited partners: (i) audited financial statements annually commencing with the first year in which it makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year commencing with the first quarter the Fund calls capital, (iii) annual tax information necessary for each Limited Partner’s U.S. tax returns and (iv) descriptive investment information for each portfolio company.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser and/or its affiliates intend to provide certain business or consulting services to companies in a Fund’s portfolio and will receive compensation from these companies in connection with such services. As described in the Partnership Agreement, this compensation will, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other

cases (e.g., payments to Industry Advisors and/or Operating Partners, or reimbursements for out of pocket expenses directly related to a portfolio company), these amounts are expected to be in addition to Management Fees. See “Fees and Compensation” above.

The Adviser is authorized to, from time to time, to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements (relating to U.S. investors and U.S.-domiciled Funds) generally are disclosed in the relevant Fund’s Form D. Any fees payable to any such placement agents or third-party solicitors generally will be borne by the Adviser indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

The Adviser had previously retained Credit Suisse Securities (USA) LLC, a placement agent, to solicit commitments from investors in certain Funds in exchange for a nonrefundable cash retainer and a cash fee ranging from 1.5% to 2.25% of the aggregate principal amount of Fund interests sold to certain third-party investors (depending on the amount sold), subject to certain exclusions and exceptions, in addition to the reimbursement of certain expenses.

#### **CUSTODY**

The Adviser generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2) (the “**Custody Rule**”) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodian(s): First Republic Bank, San Francisco, California and JPMorgan Chase Bank, New York, New York.

#### **INVESTMENT DISCRETION**

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

#### **VOTING CLIENT SECURITIES**

The Adviser has adopted the Knox Lane Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for the Funds’ portfolio companies. The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the Funds, including where there is an actual or potential conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there

is an actual or potential conflict of interest in voting proxies, the Proxy Policy provides that the Adviser is authorized to address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board is authorized to approve the Adviser's vote in a particular solicitation. The Adviser does not consider service on portfolio company boards by personnel of the Adviser or the Adviser's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a Fund. Clients or investors that would like a copy of the Adviser's complete Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies may contact Ivor van Esch, the Knox Lane Chief Compliance Officer, at (415) 651-2279, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

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