

PRINCETON

EQUITY GROUP

Part 2A of Form ADV: Firm Brochure

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Princeton Equity Advisors, LP (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (609) 454-5700. 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 securities authority. The information provided herein is current as of the date of this Brochure.

The Adviser is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training.

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

Item 2 - Material Changes

The last annual update to Princeton Equity Group's ("PEG" or the "Adviser") Form ADV Part 2A (this "Brochure") was on March 31, 2023. There were no material changes since the last annual update of this Brochure.

In the future, this section of the Brochure will identify, address, and discuss only the material changes since the last delivery or posting of this Brochure on the SEC's public disclosure website (IAPD) to assist and make clients and investors aware of certain information that has changed since the prior year's Brochure.

The Adviser will further provide clients and investors with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, the Brochure may be requested by contacting Austin Cade, the Adviser's Chief Compliance Officer at (214) 393-9030.

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¹ **NTD:** To be updated once draft is finalized.

Item 4 - Advisory Business

- A. The Adviser, an investment advisory firm organized as a Delaware limited partnership and located in Princeton, New Jersey, and Dallas, Texas. Princeton Equity Group, LLC, a Delaware limited liability company (“Princeton Equity Group”), is the sole general partner of the Adviser. The co-founders and owners of Princeton Equity Group, Doug Kennealey and Jim Waskovich (the “Principals”), are highly experienced franchise and multi-unit investors that have spent much of their careers focused on investing in the lower middle-market franchise/multi-unit space.
- B. The Adviser provides investment advisory services only to pooled investment vehicles operating as private funds for sophisticated, qualified investors, including high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses (each, the “Fund” or “Client” and, collectively, the “Funds” or “Clients”). The Funds seek to invest primarily in control buyouts and recapitalizations of growth-oriented and founder/family-owned franchisors and multi-unit companies. The governing documents of each Fund also provide for the establishment of parallel, co-investment or other alternative investment vehicles in certain circumstances (each a “Co-Investment Vehicle”). Fund investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser.

The General Partner of Funds Princeton Equity Partners I, LP, and Princeton Equity Partners I-A, LP is Princeton Equity Partners GP I, LP, a Delaware limited partnership (the “Fund I and I-A General Partner”). The General Partner of the Funds Princeton Equity Partners II, LP, and Princeton Equity Partners II-A, LP is Princeton Equity Partners GP II, LP, a Delaware limited partnership (the “Fund II and II-A General Partner”). The General Partner of the Fund SZ PEP Co-Invest, LP is SZ PEP Co-Invest GP, LLC, a Delaware limited liability company (the “SZ PEP Co-Invest General Partner”). The General Partner of the Fund Pirtek PEP Co-Invest I, LP is Pirtek PEP Co-Invest GP I, LP, a Delaware limited partnership (the “Pirtek PEP Co-Invest General Partner”). The General Partners of the Funds reserve the right to enter into side letters or other similar agreements with certain investors that have the effect of establishing rights under, supplementing or altering a Client’s limited partnership agreement or an investor’s subscription agreement. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, investment limitations, co-investment rights (including the provision of stated co-invest opportunities or priority allocation rights to, for example, investors who have capital commitments in excess of certain thresholds to one or more Clients), or transfer rights, among others. For the most part, any rights established, or any terms altered or supplemented will govern only the investment of the specific investor and not the terms of a Fund as a whole. Certain such additional rights but not all rights, terms or conditions may be elected by certain sizeable investors with “most favored nations” rights pursuant to a Fund’s limited partnership agreement.

- C. While each of its Clients generally follows the strategy stated above, the Adviser reserves the right to tailor the specific advisory services with respect to each Client based on the particular investment objectives and strategies described in the applicable Client’s confidential offering memorandum, if any, and governing documents, including Client’s limited partnership agreement, or the investment management agreement (referred to collectively as “Governing Documents”).

All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Adviser in connection with the management of the Clients are qualified in their entirety by reference to each Client’s respective Governing Documents.

- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2023, the Adviser manages \$1,373,151,359 on discretionary basis and \$0 on non-discretionary basis.

Item 5 - Fees and Compensation²

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. The Adviser reserves the right to enter into different fee arrangements on a client-by-client basis. It is critical that all investors refer to the applicable Client's Governing Documents for a complete understanding of how the Adviser and its affiliates are compensated for advisory services. The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds except for rare circumstances described in the Governing Documents or in an investor's side letter. The information contained herein is a summary only and is qualified in its entirety by each applicable Client's Governing Documents.

Management Fee. Each Fund pays management fees to the Adviser or its affiliate in accordance with such Fund's limited partnership agreement. During each Fund's commitment period, the Management Fee is typically 2% per annum of the aggregate commitments of each investor. Upon a date specified in the Governing Documents (the "Stepdown Date"), the Management Fee is typically reduced to 2% per annum of the portion of aggregate funded capital contributions which are used to make investments that have not been sold, disposed of, distributed by such Fund, or completely written off for U.S. federal income tax purposes.

As is generally the case in private equity funds, the Governing Documents provide that a Fund's Management Fees will be calculated and charged on a basis that generally is not tied to the Fund's then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until the Stepdown Date, Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (including, where applicable, a Fund borrowing component) made by the relevant Fund relating to the Fund's aggregate investment(s) in its portfolio companies that have not been realized or permanently written off for U.S. federal income tax purposes (such investments, "Impaired Value Investments").

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

² **Princeton:** This language was built in due to the SEC's focus on Stepdown mechanics across numerous examinations (though, has not been a focus in Princeton's exam).

As a result, and as is generally the case for private equity funds, the amount of Management Fees generally will not correspond with fluctuations in the net asset value of individual investments or of a Fund, including following the relevant investment period, and will not be reduced in connection with any write downs (whether temporary or permanent), except in the case of Impaired Value Investments. Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of certain partial distributions (e.g., those resulting from a dividend recapitalization) or reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions or in circumstances where one or more other Fund(s) divest their respective investment(s) (including credit investments) in the relevant portfolio company, whether in whole or in part, in each case in circumstances that do not result in the complete disposition of the relevant Fund's interest therein, and even in cases where the value of the Fund's investment or the Fund's ownership percentage in such investment has been reduced (including substantially reduced) as a result of such transaction.

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

The Management Fee is payable by a Fund to the General Partner quarterly and in advance, as described in each Fund's respective Governing Documents. The Management Fee will be appropriately prorated for any period that is less than a full calendar quarter. In addition, the General Partner reserves the right to elect to reduce a portion of the Management Fee in accordance with a formula specified in the Governing Documents in exchange for a reduction in the General Partner's cash capital contribution obligation and/or a corresponding interest in Fund profits. 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.

Carried Interest. As more fully described in the Governing Documents (i) the General Partner may be eligible to receive an incentive or performance allocation from each Fund based on a percentage of investment proceeds on distributions (the "Carried Interest") subject to a preferred return at the rate of 8% per annum, compounded annually, (ii) distributions are split between each Fund's investors and the General Partner as set forth in such Fund's Governing Documents, and (iii) carried interest distributed to the General Partner is subject to a potential clawback upon completion of winding up and final liquidation of each Fund, if the General Partner has received excess cumulative distributions.

Additional Fees. The General Partner or its affiliates generally receive certain fees in respect of actual or prospective portfolio companies; provided, that the Management Fee will be reduced by an amount equal to at least 80% of such fees (after expenses). Such fees typically include specified closing fees, investment banking fees, management fees, placement fees, commitment fees, breakup fees, litigation proceeds from transactions not consummated, monitoring fees, consulting fees, origination fees, directors' fees and other similar fees received from any actual or prospective portfolio company (collectively, "Transaction Fees").

The compensation described above is the Adviser's typical compensation. However, Management Fee and Carried Interest rates may be negotiable. The Adviser has the right to enter into agreements with one or more Fund investors to waive or modify certain terms of the offering of interests in the

Funds, or certain rights and obligations of the Fund investors, including compensation, otherwise applicable to such interest(s), in each case without notice to the other investors in the Funds.

With respect to co-investment vehicles, any fees received by the Adviser are generally negotiated on a vehicle-by-vehicle basis, but may include commitment-based fees, performance-based fees or allocations, expense reimbursements or other administrative fees similar to those described below relating to each Fund. Any such management or administrative fees (including sellers' fees or interests owned by current or former portfolio company management) received by the Adviser relating to a co-investment vehicle do not offset the management fees paid to the Adviser by each Fund.

Lower fees for comparable services may be available from other sources.

- B. The Adviser neither deducts fees from a Fund's assets nor bills a Fund directly. Management Fees are payable by the Funds to the Adviser or its affiliate and Carried Interest is distributed by the Funds to the General Partner, in each case on the terms provided for in the Funds' Governing Documents. The Management Fee will be paid out of current income and investment proceeds of the Funds and/or, in the General Partner's discretion, from drawdowns that will reduce investors' unfunded commitments.
- C. *Organizational Expenses.* The Funds will reimburse the General Partner for the organizational and startup expenses (as further set forth in the Governing Documents) for the Funds, the General Partner, and their affiliates, including travel, printing, legal, capital raising, accounting, regulatory compliance, any administrative or other filings, and other organizational expenses ("Organizational Expenses"). The General Partner of Fund I will bear the cost (through an offset against the Management Fee or otherwise) of all such Organizational Expenses in excess of \$1,250,000, if any, and to the extent permitted by applicable law, any placement fees paid by the Funds to any placement agent ("Placement Fees") in connection with the formation of the Funds. The General Partner of Fund II will bear the cost (through an offset against the Management Fee or otherwise) of all such Organizational Expenses in excess of \$2,500,000, if any, and to the extent permitted by applicable law, any placement fees paid by the Funds to any placement agent ("Placement Fees") in connection with the formation of the Funds.
- D. *Fund Expenses.* The Fund Expenses that are borne by each Fund are outlined in the applicable Governing Documents. In general, each Fund will pay, or reimburse the General Partner for, all other fees, costs, expenses, liabilities and obligations relating to such Fund and/or its 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 the identifying, sourcing, structuring, organizing, negotiating, acquiring, consummating, financing, bidding on, refinancing, diligencing (including any expenses of any periodicals, databases or research services, and any custom-built, proprietary technology platform utilized by the Adviser ("FusionPoint™") to assist with sourcing, identification, research, due diligence, and/or value creation), owning, hedging, holding, managing, monitoring, operating, valuing, trading, dissolving, winding up, liquidating, restructuring, taking public or private, selling, or otherwise disposing of, as applicable, such 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, investment bankers, lenders, 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 and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Funds, the Adviser, the General Partner or any Affiliated Partner as defined in the Governing Documents on behalf of the Funds (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (iv) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (v) legal, accounting, research, auditing, administration (including fees and expenses associated with such Fund's third-party administrator and administration or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to consultants performing investment initiatives and other similar consultants), tax and other professional services; (vi) reverse breakup, termination and other similar fees; (vii) financing, commitment, origination and similar fees and expenses; (viii) insurance (including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses) and any consultants or other advisors utilized in the procurement, review and analysis of insurance policies; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, compliance or regulatory filings or reports, or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) compliance with any financial account reporting regime, including the FATCA, the OECD Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard and any similar laws, rules, regulations, and any fees, costs, expenses of any third-party service providers and professionals related to the foregoing; (xiii) an allocable portion of any expenses associated with developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services and FusionPoint™) for the benefit of such Fund or the limited partners; (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data; (xv) to the extent provided in the Governing Documents, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the advisory committee (including costs and expenses incurred by representatives of the General Partner, the advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory committee); (xvi) indemnification (including any fees, costs and expenses incurred in connection with indemnifying any partner or other person pursuant to the Governing Documents and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Governing Documents), except as otherwise set forth in the Governing Documents; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xviii) Management Fees; (xix) any taxes, fees and other governmental charges levied against such Fund and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of such Fund including compliance with the FATCA (except to the extent that such Fund is reimbursed or such tax, fee or charge is treated as having been distributed) and any costs and expenses of or related to the "partnership representative" of the Partnership; (xx) any annual or periodic, if any, meetings of the limited partners and any other conference or meeting with any limited partner(s); (xxi) except as otherwise determined by the 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 such Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to such 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 any entity affiliated with such Fund; (xxii) the termination, liquidation, winding up or dissolution of such Fund and any entities owned directly or indirectly by such 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 such Fund, the General Partner and related entities and any alternative investment vehicle of such Fund, including the preparation, distribution and implementation thereof; (xxv) complying with any law or regulation related to the activities of such Fund (including regulatory expenses of the General Partner incurred in connection with the operation of such Fund and legal fees and expenses); (xvi) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer of an interest by a limited partner; (xvii) distributions to the partners and other expenses associated with the acquisition, holding and disposition of such Fund's investments, including extraordinary expenses; (xxviii) unreimbursed expenses and unpaid fees of the Industry Advisors (defined below); (xxix) any travel, lodging or meals relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxx) compliance or regulatory matters related to such Fund, except as set forth in the Governing Documents, including compliance with this Agreement and/or drafting and negotiating any side letter or other similar agreements with certain limited partners and costs and expenses incurred in connection with the most-favored-nations process; (xxxi) any Organizational Expenses; (xxxii) any Placement Fees; (xxxiii) any fees, costs, expenses, liabilities and obligations relating to prospective transactions not consummated by such Fund or any co-investment vehicle in connection with their proposed investment in such transactions; (xxxiv) any other fees, costs, expenses, liabilities or obligations approved by the advisory committee, any litigation or governmental inquiry, investigation or proceeding involving such Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the Governing Documents; (xxiv) any third-party experts, including independent appraisers, engaged by the General Partner in connection with such Fund considering, making or holding an investment; (xxvi) any taxes, fees and other governmental charges, and expenses incurred in connection with, such Fund and any tax audit, investigation settlement or review thereof; (xxvii) ; (xxx) all costs and expenses associated with operating a feeder fund which invests all or substantially all of its assets in such Fund, including all expenses associated with its management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder fund's financial statements, tax returns and feeder fund limited partner reports, but not including any income based or similar taxes, fees or other governmental charges levied against such feeder fund; and (xxxi) board (collectively, "Fund Expenses").

- D. The Adviser collects Management Fee quarterly and in advance. The Management Fee obligation of the Funds, and its investors, may only be terminated or modified as provided by the Funds' Governing Documents. The Management Fee is calculated on an annual basis and is pro-rated for partial periods. In addition, Carried Interest allocations may be subject to clawback obligations as described in the applicable Governing Documents.
- E. The Principals or other Adviser personnel generally receive salaries and other compensation derived from, and in certain cases including a portion of the Management Fee or other compensation received by the Adviser or its affiliates. In addition, certain third parties, including senior and strategic advisors and other non-investment professionals as well as Persons primarily responsible for the development, administration, and maintenance of FusionPoint™ (collectively,

“Industry Advisors”), have been retained by the Adviser, the General Partner, one or more portfolio companies, or their affiliates or successors, to provide services to the Funds, alternative investment vehicles, and/or their respective portfolio companies, and/or to support the Adviser, the General Partner, and/or their respective investment professionals in connection with investment activities on behalf of the Funds and/or such alternative investment vehicles, as applicable. Other than as described above, neither the Adviser nor any of its supervised persons receive any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, the General Partner is entitled to receive performance-based fees or allocations from the Clients, including carried interest allocation on investment proceeds. These payments, to the extent received, are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, have the potential to create an incentive for an adviser or its supervised persons to operate the relevant Fund in a riskier, more speculative or other manner that is less favorable to investors than would be the case in the absence of a performance-based fee, although the Adviser 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. Such fee arrangements also create an incentive to favor higher fee-paying Clients over other Clients in the allocation of investment opportunities. The terms of the performance-based fees also give the general partners or managers of the Clients an incentive to make decisions regarding the timing and structure of realization transactions that may not be in the best interests of investors.

These conflicts of interest are addressed in the manner described in Item 11. Additionally, the Adviser manages each Client in accordance with the investment strategy disclosed in such Client’s Governing Documents to help ensure that investors are aware of the investment strategy and the risks associated with the strategy.

Item 7 - Types of Clients

As described in Item 4, the Adviser provides investment advisory services to private funds that are exempt from registration under the Investment Company Act of 1940, as amended. The offering of interests to investors in the Funds are not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any U.S. state or any other jurisdiction. The offering of the Funds’ interests is made to U.S. persons in accordance with Regulation D promulgated under the Securities Act by the SEC and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act by the SEC.

Generally, each Fund requires a minimum commitment of \$5 million, but such amount may be waived by the General Partner, subject to applicable legal requirements.

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

- A. The Adviser is focused on investing in the lower middle-market franchise/multi-unit space and targets North American investment opportunities.

The Adviser is led by its general partner, Princeton Equity Group, which was co-founded by the Principals. The Principals collectively bring over 40 years of relevant private equity and transaction experience to the Adviser and are supported by a growing team of professionals with significant experience in private equity, investment banking, and operations.

The Principals have spent much of their careers focused on investing in the lower middle-market franchise/multi-unit space. The Funds seek to invest primarily in control buyouts and recapitalizations of growth-oriented and founder/family-owned franchisors and multi-unit companies.

The Adviser believes that its specialized sector knowledge in franchising and multi-unit can create an information edge on both the sourcing and management of investments given the idiosyncratic operating, relational (franchisor-franchisee), marketing, legal, regulatory, development (*i.e.*, franchisee recruiting, screening, and onboarding), site selection, and technology aspects of these businesses. The Adviser has assembled a highly experienced cadre of franchise and multi-unit executives across industries and functional areas.

The Adviser will focus its sourcing efforts on proprietary and boutique sell-side advisor channels. The Adviser believes that this continuation of its successful sourcing strategy will be greatly enhanced by FusionPoint™, its proprietary technology platform.

Investing in securities involves risk of loss that all Clients and their investors should be prepared to bear.

- B. *Clients and potential investors should be aware that investing in securities involves a high degree of risk. There can be no assurance that the Adviser's investment objectives will be achieved or that an investor will receive a return of its capital. In addition, there will be occasions when the Adviser and its affiliates may encounter potential conflicts of interest in connection with the Clients. The following discussion does not purport to be a complete enumeration or explanation of the risks applicable to the Clients. Clients and potential investors should read the applicable Governing Documents and should consult with their own legal, tax, and financial advisors before deciding whether or not to invest.*

Business Risks

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

Franchise and Multi-Unit Business Growth

One or more portfolio companies may adopt and utilize a franchise or multi-unit business model which relies substantially upon identifying target markets for new franchise unit development. In developing new franchise units, each franchisor and its actual or prospective franchisees must take into account numerous factors such as the location of existing franchises, demographics, traffic patterns, and information gathered from local personnel. Some of the challenges associated with

opening new franchises may include the: (i) availability of attractive financing, including loans guaranteed by the U.S. Small Business Administration; (ii) selection and availability of suitable franchise locations; (iii) competition for franchise sites; (iv) negotiation of acceptable lease and financing terms; (v) securing required governmental permits and approvals, including zoning approvals; (vi) expansion into new markets, consumer tastes in new markets, and acceptance of products; (vii) employment and training of and wage rates for qualified personnel in local markets; (viii) impact of inclement weather, natural disasters, and other acts of nature; (ix) unanticipated cost increases, including construction costs, development costs, supply costs, and advertising costs; and (x) the general legal and regulatory landscape in which the franchisor and any franchisee operates.

Operating Risks Associated with Franchise and Multi-Unit Businesses

The success of a franchisor or multi-unit business operator often depends in significant part on the future performance of each existing and new franchisee, their adherence to franchise operation guidelines, participation in training opportunities and marketing initiatives, adherence to quality and consistency standards, payment of royalties or other fees on a timely basis, and/or periodic renewal of franchise agreements. A franchisor's financial performance and profitability could be materially adversely affected by a number of adverse factors including any: (a) inability to collect royalty payments from franchisees on a timely basis; (b) failure to identify, recruit and contract with a sufficient number of qualified franchisees or open new franchises; (c) franchisee's termination or failure to renew its franchise agreement; (d) cybersecurity deficiencies; (e) misappropriation of confidential data; (f) adverse publicity; (g) inability to obtain adequate insurance; (h) bankruptcy or default by one or more existing franchisees; (i) litigation risk; (j) loss of executives or other key personnel; and (k) general economic and business conditions, including competition, changes in consumer spending, adoption of e-commerce technologies, supply chain disruption, labor shortages, increased costs, higher fuel and other energy prices, lower housing values, low consumer confidence, inflation, commodity price fluctuations, higher interest rates, higher levels of unemployment, higher consumer debt levels, higher tax rates, changes in tax laws, and other economic factors that may affect consumer spending.

Regulation

Certain industry segments in which the Funds intend 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. While the Funds intend 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 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, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest. By way of example, the franchise and multi-unit business industry has been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industry are introduced, which, if adopted, could have a significant impact on such industry in general and/or on companies in which the Funds will potentially invest.

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

rulemaking is expected to materially impact the Adviser and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear significant increased costs as a result of such rules, including costs relating to investor reporting and disclosures. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. Certain rules are or may become subject to legal challenge from private fund industry groups and others, and to the extent such legal challenges are successful, investors will not be afforded some or all of the protections provided by these rules.

If one or more portfolio companies adopt or utilize a franchise model in the United States, portfolio companies will be required to comply with certain regulations adopted by the Federal Trade Commission (the “FTC”) and with several state and foreign laws that regulate the offer and sale of franchises. The FTC’s Trade Regulation Rule on Franchising (“FTC Rule”) and certain state and foreign laws may require that any such franchisor must: (i) furnish prospective franchisees with a franchise disclosure document containing information prescribed by the FTC Rule and applicable state and foreign laws and regulations; (ii) register their disclosure document in domestic and foreign jurisdictions that require registration for the sale of franchises; (iii) comply with the FTC Rule and various state and foreign disclosure requirements, as applicable; and (iv) comply with state and foreign laws that regulate substantive aspects of the franchisor-franchisee relationship. Such laws, rules and regulations may limit a franchisor’s ability to terminate or fail to renew a franchise without good cause, interfere with the right of free association among franchisees, disapprove the transfer of a franchise, discriminate among franchisees with regard to charges, royalties and other fees, and/or place new stores near existing franchises. Applicable laws, rules and regulations intended to regulate certain aspects of franchise relationships may be introduced by federal, state and local governments in the future and could impair and reduce the profitability of any franchisor’s business.

Franchisor Litigation Risk

A franchisee’s business activities may subject it to litigation risks that could subject it to significant claims for money damages and other remedies and by increasing its litigation expense, including customer claims, personal-injury claims, environmental claims, employee allegations of improper termination and discrimination, claims related to violations of the Americans with Disabilities Act of 1990, religious freedom laws, the Fair Labor Standards Act, other employment-related laws, the Occupational Safety and Health Act, ERISA, advertising laws and intellectual property claims. Each of these claims may increase costs and limit the funds available to make royalty payments or execute new franchise agreements. Litigation against a franchisee or its affiliates by third parties or regulatory agencies, whether in the ordinary course of business or otherwise, may also include claims against a franchisor by virtue of its relationship with the defendant-franchisee, whether under vicarious liability, “joint employer,” or other legal theories. A franchisor and its franchisees could also become subject to class action or other lawsuits related to the above-described or different matters.

In addition to decreasing the ability of a defendant-franchisees to make royalty payments in the event of such claims and diverting management and financial resources, adverse publicity resulting from such allegations may materially and adversely affect the franchisor and its brand, regardless of whether these allegations are valid or whether the franchisor or any franchisee is liable. A substantial judgment against a franchisor or any of its subsidiaries or franchisees could materially and adversely affect its business and operating results.

Concentration of Investments

The Funds 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 Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

Bridge Financing

The Funds are permitted 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 Governing Documents, in which case the investment would be treated as a permanent investment of the Funds. As a result, the Funds' portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Funds' investment limitations.

Unspecified Investments

Limited partners will be relying on the ability of the General Partner to locate and evaluate the investments to be made by the Funds using the proceeds of its offering. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no assurance that the General Partner will be able to identify, or the Funds will be able to complete, portfolio company investments that satisfy the Funds' rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Funds will be able fully to invest its committed capital.

Lack of Sufficient Investment Opportunities

The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, Fund investors will be required to bear Management Fees through the Funds during the investment period based on the entire amount of the Fund investors' commitments and other expenses as set forth in the Governing Documents.

Dynamic Investment Strategy

While the General Partner generally intends to seek attractive returns for the Funds primarily through pursuing the investment strategy described in the Governing Documents, the General Partner reserves the right to pursue additional investment strategies and modify or depart from its initial investment strategy, investment process and investment techniques as it deems appropriate. The General Partner reserves the right to pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions

An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains

on successful investments are realized. The 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 Funds (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including unfunded commitments.

Leveraged Investments

The Funds are permitted to make use of leverage by incurring or having a portfolio company incur debt to finance all or a portion of certain investments in a given portfolio company, including in respect of companies not rated by credit agencies, whether on a temporary or long-term basis. Leverage generally magnifies both the Funds' 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), and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and potentially will impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Additionally, lenders would typically have a claim that has priority over any claim by the Funds to the assets of such portfolio company in an insolvency event or proceeding. Furthermore, should the credit markets be limited or costly at the time the Funds seek to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. 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 Funds 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 Funds' ability to generate attractive investment returns for the Funds as a whole. The Funds are also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. The use of leverage by the Funds (including the use of any subscription line of credit) also will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their investments. The Funds are permitted to 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 may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent the Funds incur leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Funds' investors and such investors' contributions may be required to be made directly to the lenders instead of the Funds.

For purposes of distributions by the Funds, investors would not receive a preferred return accrual on the amount invested by the Funds until such time as capital may be called from investors in respect of the investment. The use of leverage by the Funds to make investments and/or to pay

expenses also will result in interest expense and other costs to the Funds that may not be covered by Funds' distributions or appreciation of Funds' investments. If an investment acquired with proceeds of such borrowing loses value, Fund investors may be subject to capital calls to fund that loss as Fund Expenses by repaying the credit facility, including related interest and expenses. 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 to the Fund investors without a preferred return accrual on the amount invested by the Funds (due to the absence of invested capital funded by Fund investors) prior to the determination of carried interest distributions. Accordingly, borrowings by the Funds may support the distribution of proceeds to Fund investors and increase the potential carried interest for the General Partner. This conflict of interest may incentivize the General Partner to permanently fund the acquisition and ongoing capital needs of investments of the Funds 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).

Subscription Lines

A Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations, including the acquisition, financing or refinancing of the Fund's investments, as well as to consolidate or make less frequent capital calls to limited partners. Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. A portfolio company financing from a subscription line, rather than from a Fund-level equity commitment, has the potential to increase such returns, particularly in instances where the relevant amount has been drawn for an extended period of time. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during

periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. Because Management Fees are incurred whether an investment is financed through capital calls or borrowings, and a Fund's preferred return typically does not accrue on outstanding borrowings, the General Partner has an incentive to cause the Fund to make investments and/or pay such amounts using a subscription line rather than making capital calls. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the General Partner's ability to consent to the transfer of a limited partner's interest in a Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse the Adviser for expenses incurred on behalf of the relevant Fund. A Fund is also permitted to utilize Fund-level borrowing 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 a Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).Limited Transferability of Fund Interests

There will be no public market for interests in the Funds, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable. Fund investors may not be able to liquidate their investments prior to the end of the Funds' term and must be prepared to bear the risks of an investment in the Funds 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 Funds' investments will be difficult to value. Certain investments may be distributed in kind to the Fund investors, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Fund investors. After a distribution of securities is made to the Fund investors, many investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Fund investors may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of carried interest available to 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 Funds will be vested with the General Partner, and the Funds' future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Funds' ability to realize their investment objectives. In addition, the Principals are expected in the future, to manage other investment funds besides the Funds and the Principals will potentially need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the Principals. Fund investors generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Funds or one or more of their 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 Funds generally intend 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 Funds' objectives.

Due Diligence of 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, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and the 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 for the Funds to take advantage of investment opportunities and/or consummate investments. 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 relevant facts 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.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes

There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategy or achieve their 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 the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds' 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 Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than they otherwise would have.

Need for Follow-On Investments

Following their initial investment in a given portfolio company, the Funds are permitted decide to provide additional funds to such portfolio company or consider the opportunity to increase their 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 Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds not to make follow-on investments or their 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 Funds to increase their participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company if a third party invests in such portfolio company.

Recycling; Reinvestment

The General Partner generally has the right to recall certain capital returned or distributed to the Fund investors. Accordingly, during the term of the Funds, an investor may be required to make capital contributions in excess of its commitment (with certain limitations as provided in the Governing Documents), and to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Fees and Expenses

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

Distressed Investments

The Funds are permitted 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. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Funds may lose some or all of their investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Funds invested.

Financial Institution Risk; Distress Events

An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults

on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (each, a “Distress Event”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, the Adviser, the General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

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

Many Financial Institutions require, as a condition to using their services (including lending services), that the Adviser and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the Adviser seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Adviser 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.

Non-controlling Investments

The Funds are permitted to 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 Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds hold a minority stake, it may be more difficult for the Funds to liquidate their interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of the Funds' 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 Funds, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

General Tax Considerations

An investment in the Funds 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 Adviser and the General Partner will be based primarily upon economic, not tax, considerations and could result in adverse tax consequences to some or all Fund investors. There can be no assurance that the structure of the Funds 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.

Tax Liability Considerations

The Funds 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"), a Fund investor 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 Funds may result in an audit of the returns of some or all of the Fund investors, which examination could result in adjustments to the tax consequences initially reported by the Funds and affect items not related to an investor's investment in the Funds. If such adjustments result in an increase in taxable income for any year, the Funds or one or more of the Fund investors 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 Funds' tax returns will be borne by the Funds. The cost of any audit of an investor's tax return will be borne solely by the investor. The taxation of partnerships and partners is complex. Prospective Fund investors are strongly urged to consult their own tax advisors regarding any investment in the Funds.

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. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their 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 Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

Infectious or Contagious Diseases

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

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partner and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Sanctioned Investors

If after subscribing to a Fund a limited partner is included on a list of prohibited persons maintained by a relevant regulatory or governmental authority (including OFAC or equivalent non-U.S. authorities) (a "Sanctions List"), the General Partner will have the sole discretion to determine the resolution, remedy and manner of compliance of the Fund with applicable laws, including without limitation a "freeze" on distributions and/or capital calls from the relevant limited partner and reporting to the relevant authorities. Adverse actions by any such authorities, including temporary or permanent stays or holds on the Fund's activities, could materially and adversely affect the Funds.

General Economic and Market Conditions

The state of the private equity industry generally, and the success of the Funds' investment activities specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partner. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets are expected to (i) negatively impact the availability of attractive investment opportunities for the Funds, (ii) affect the Funds' ability to make investments, (iii) increase the risks inherent in the Funds' investments, and (iv) have a negative impact on the performance and/or valuation of the Funds' portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio 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 Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Such adverse effects may include the requirement of the Funds to pay break-up, termination or other fees and expenses in the event the Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to raise funding to support their investment objective.

International Conflicts

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

These conflicts may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

Social Media and Publicity Risk

The use of social networks, message boards, internet channels and other platforms has become widespread within the United States and globally. As a result, individuals now have the ability to rapidly and broadly disseminate information or misinformation, without independent or authoritative verification. Any such information or misinformation regarding the Adviser, the

Funds or one or more portfolio companies could have a material and adverse effect on the value of the Funds.

Conflicts of Interest

The significant investment in the Funds by the General Partner and its affiliates, as well as the General Partner's carried interest, operate to align, to some extent, the interest of the General Partner with the interest of the Fund investors, although the Principals have or may have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests. Such other investment funds and investments that the Principals control or manage will potentially compete with the Funds or companies acquired by the Funds. At such time as the General Partner is permitted to raise a successor fund, the Principals will continue to manage the Funds' investments, but also likely will focus investment activities on other opportunities and areas unrelated to the Funds' investments. Certain investments may be allocated between the Funds and any successor or predecessor fund in a manner as set forth in the Governing Documents.

Until such time as the General Partner is permitted under the Governing Documents to raise a successor fund, the Principals generally will pursue substantially all appropriate investment opportunities that meet the investment criteria of the Funds principally for the benefit of the Funds, subject to certain exceptions set forth in the Governing Documents. However, the Principals currently, and will potentially in the future, manage several other investment funds besides the Funds and investments similar to those in which the Funds will be investing and may direct certain relevant investment opportunities to those investment funds and investments. Over time, certain investment opportunities suitable for the Funds are likely also to be suitable for other investment funds sponsored by the General Partner or its affiliates. In determining which investment funds should participate in such investment opportunities, subject to the Governing Documents, the General Partner, the Principals and their affiliates are subject to potential conflicts of interest among the investors in the Funds and investors in the other investment funds sponsored by the General Partner and the Principals. To determine whether the Funds or other investment funds sponsored by the General Partner or its affiliates will participate in the relevant investment opportunity, the General Partner generally assesses whether an investment opportunity is appropriate for each relevant fund based on the terms of such fund's Governing Documents, as well as factors including but not limited to: each fund's investment restrictions and objectives (including those set forth in the relevant fund's Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. The Funds are permitted to invest together with other funds advised by an affiliated adviser of the General Partner in the manner set forth in the relevant Governing Documents. The General Partner will determine the allocation of investment opportunities among funds in a manner that it believes is fair and equitable consistent with the General Partner's obligations and is permitted to take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which the Funds will invest exceed an amount appropriate for the Funds, such excess may also be offered to one or more potential investors.

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

the allocation is made, will be as favorable as they would be if the conflicts of interest to which the General Partner may be subject did not exist.

Additionally, conflicts of interest can arise if the Funds make an investment in a portfolio company in conjunction with an investment made by another investment fund sponsored by the General Partner or an affiliate. For instance, the Funds 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 investment fund. This may result in differences in price, investment terms, leverage and associated costs between the Funds and any other investing fund sponsored by the General Partner or an affiliate. There can be no assurance that the Funds and the other investing fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that the Funds' return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Funds.

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

If the Funds make controlling investments in portfolio companies, the General Partner expects to have the right to appoint portfolio company board members (including current or former General Partner personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, portfolio company board members approve compensation and other amounts payable to the General Partner in connection with services provided by the General Partner and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Governing Documents' offset provision, are in addition to the Management Fee or carried interest discussed herein. The General Partner's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to the General Partner subjects the General Partner and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse the General Partner or service providers retained at the General Partner's discretion for expenses (including, without limitation, travel expenses) incurred by the General Partner or such service providers in connection with the performance of services for such portfolio company. Service provider expenses are required to be reimbursed whether or not there is overlap in expertise, function or services performed by Adviser personnel. This subjects the General Partner 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 Governing Documents and its internal reimbursement policies and practices, the General Partner determines the amount of these reimbursements for such services in its own discretion.

The General Partner also reserves the right to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other funds or investment vehicles advised by the General Partner; conversely, former personnel or executives of the General Partner are expected to serve in significant management roles at portfolio companies

or service providers recommended by the General Partner. Similarly, the General Partner and/or its personnel maintain relationships with (or are permitted to invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. 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 General Partner, and/or the Funds, other funds or other investment vehicles the General Partner advises. The General Partner may have a conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio company owned by the Funds if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds the General Partner advises, will provide the General Partner information about markets and industries in which the General Partner operates (or is contemplating operations), or will provide other services that are beneficial to the General Partner. The General Partner may have a conflict of interest in making such recommendations, in that the General Partner has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds and other funds and investment vehicles that the General Partner advises, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds.

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

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 Funds, including tax treatment that differs materially from the taxation of similar items to certain Fund investors, that could create the potential for conflicts of interest. For example, various tax rules (including the recently-enacted three-year holding period requirement for capital gains treatment in respect of carried interest) could create an incentive for the General Partner to cause the Funds 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 Fund investors. The General Partner will generally

have the authority to control these decisions and any positions taken by the Funds in respect of tax elections or income allocations.

The fact that the General Partner's carried interest is based on a percentage of net profits is expected to create an incentive for the General Partner to cause the Funds to make riskier or 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 Fund investors 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 of the Funds, the Management Fee structure may create an incentive for the General Partner to deploy capital when it might not otherwise have done so.

In addition, Fund investors may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Fund investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner expects to consider the investment and tax objectives of the Funds and their investors as a whole, not the investment, tax, or other objectives of any Fund investors individually.

The Governing Documents provide the Adviser with wide-ranging authority to make determinations, including those related to investment purchases and dispositions (and their timing), valuation and other matters that in each case have the potential to affect the Adviser's compensation. In making such determinations, the Adviser is subject to potential conflicts of interest. For example, the potential to earn additional compensation creates an incentive for the Adviser or its affiliates to make investments and to hold investments longer than otherwise would be the case in the absence of the relevant Fund's Management Fee and carried interest compensation arrangements. The Adviser expects to be incentivized to cause a Fund to make, hold, value and/or dispose of investments (and to delay or forego a determination that the investments are Impaired Value Investments) in order to receive greater ongoing Management Fees and, potentially, earlier and/or larger carried interest distributions than would otherwise be the case.

Where the Management Fee is calculated taking into account the valuation of an investment, the Adviser will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the Governing Documents do not require Management Fees to be reduced in connection with investment reorganizations, restructurings, roll-over investments, extraordinary dividends or similar transactions, the Adviser is incentivized to pursue such transactions. Additionally, the amount of carried interest owed to the General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the General Partner expects to be subject to related potential conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant Governing Documents.

The Adviser's wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the General Partner's

determination that an investment is an Impaired Value Investment, and except as set forth in the Governing Documents, neither the General Partner nor its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during the Fund's holding period. The General Partner is entitled to make its own determination taking into account all facts and circumstances it deems relevant, subject to the provisions of the Governing Documents. As a general matter, the standards for determining Impaired Value Investments are intended to be high, and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of the Adviser's compensation is dependent in part on an investment's status as an Impaired Value Investment, the General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the relevant criteria. Although the Adviser intends to operate in accordance with the Governing Documents, as well as its valuation policy, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that such policy will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

Certain Industry Advisors and Consultants

The Adviser, the General Partner, or their respective affiliates expect to retain Industry Advisors and other consultants, which may be third party consultants (including individual members, consultants and external executives), "operating partners," "executive partners" or "senior advisors, affiliates of the Adviser or the General Partner, personnel of such affiliates, portfolio companies of other funds managed by the General Partner or its affiliates. Such Industry Advisors and other consultants may regularly provide services to, or in connection with, the Funds in relation to their activities, or to one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including due diligence-related research and analysis, incubating potential portfolio companies, developing new business in which the Funds would potentially invest, assisting with technical, financial, regulatory, legal, tax or marketing research, providing technical, financial, regulatory, legal, tax or other operational services to portfolio companies or serving on the board of directors of portfolio companies, including service in board seats controlled by the Adviser, the General Partner or the Funds or with respect to which the Adviser, the General Partner or the Funds have the right to designate a director. Pursuant to the Governing Documents, certain fees, expenses and other consideration associated with services provided by such Industry Advisors and consultants may be paid and/or reimbursed by applicable portfolio companies and/or the Funds, without any offset against the Management Fee. Such fees, expense reimbursements and other consideration are expected to include cash fees, reimbursement of costs and expenses incurred by such Industry Advisors and personnel in performing such services, profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company and/or other incentive-based compensation or consideration, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) expended by such Industry Advisors and personnel, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Although the Adviser and/or the General Partner intends to retain such Industry Advisors and personnel with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. While the Adviser and/or the General Partner intends to retain only such Industry Advisors and personnel which it believes provide a level of service at a value generally consistent with other relevant market alternatives, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

To the extent Industry Advisors and other consultants serve as a director or provide services to multiple portfolio companies, such persons may have competing obligations, interests, and time commitments with respect to such portfolio companies. In some instances, certain conflicts of interest will generally arise as a result of: (i) competing demands on such person's time commitments to such portfolio companies, (ii) any divergence in the interests of such portfolio companies, and (iii) any differences in board compensation or other compensation paid to such person by such portfolio companies. As a result, one portfolio company may benefit at the expense of another portfolio company or Fund. To the extent that any Industry Advisor is paid any retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies will bear a greater share of such compensation due to the utilization of their services at a time when fewer portfolio companies or Funds make use of such person. In certain instances where any Industry Advisor ceases to provide services or leave a portfolio company to become an employee of the Adviser or to join another program, the business and operations of such portfolio company from which such Industry Adviser departed (and, as a result, the performance of such portfolio company) could be negatively affected as a result of such individual's departure.

Co-Investments

The General Partner reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more Fund investors and/or other persons, in each case on terms to be determined by the General Partner in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the Funds or any individual investor. In exercising its sole discretion in connection with such co-investment opportunities, the General Partner reserves the right to consider some or all of a wide range of factors, which may include factors which benefit the General Partner such as the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates.

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

Agreements with Certain Investors

The Funds and/or the General Partner are expected to enter into side letters or other similar agreements with particular investors in connection with their admission to the Funds without the approval of any other investor, which would have the effect of establishing rights under, altering or supplementing material terms of (including economic terms), or confirming the interpretation of an applicable Fund document (including the limited partnership agreement and any related subscription agreement) with respect to such investors in a manner more favorable than to other investors. Such rights, terms or confirmations in any such side letter or other similar agreement may include, without limitation: (i) excuse, exclusion or withdrawal rights applicable to particular

investments or Fund investors (which may increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, certain investments); (ii) reporting obligations of the General Partner; (iii) waiver of certain confidentiality obligations; (iv) consent of the General Partner to certain transfers by such Fund investor; or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Fund investor.

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. Further, side letters also are expected to relate to strategic relationships under which an investor agrees to make commitments to multiple Funds. Except in the circumstances and on the timing required by Governing Documents and/or applicable law, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the Adviser, the 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 committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other side letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

Although the Governing Documents generally contain broad exculpation and indemnification provisions, the Adviser will not interpret such provisions to constitute a waiver of any person's non-waivable federal fiduciary duties to the relevant Fund under the Advisers Act. The relevant liability standards under insurance coverage procured by the Adviser are expected to vary by carrier, and such standards are expected to vary depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in the Adviser's insurance coverage are higher or lower than that set forth in the Governing Documents.

ESG Review

The Adviser is committed to integrating environmental, social and governance ("ESG") practices into its business planning and strategies, policies, reporting and disclosures to serve client investment objectives and support responsible management. The Adviser's investment policies and ESG goals may identify material economic risks associated with an investment, cause the Adviser not to complete an investment that it would have made, or cause the Adviser to make different management decisions with respect to an investment than it would have made in the absence of such policies and goals. In evaluating investments, the Adviser often relies upon information and data provided by third party reporting and/or advisors, which may be incomplete or inaccurate and could cause the Adviser to incorrectly assess an investment's potential and related risks and opportunities. Although the Adviser believes its investment policies and ESG goals will enhance the performance of investments over the long term, the Adviser cannot guarantee that such

policies and goals, its assessment of future regulations, and the future growth of these trends, will positively impact the financial or ESG performance of any individual investments.

There is growing regulatory interest in improving transparency around how asset managers and companies define and measure ESG performance in order to allow investors to validate and better understand ESG claims. The integration of ESG considerations in responsible investing practices are still evolving and there are different frameworks and methodologies being developed and implemented by other asset managers, advisors, accountants, industry coalitions, not-for-profit organizations, and regulators. The Adviser's ESG screening and review methodologies are proprietary, do not represent a universally recognized standard for assessing ESG factors, and may not align with the approach used by other asset managers or prospective investors or reflect future market trends.

C. Please see Item 8.B. above.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to client's evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. In connection with sponsoring any Fund and as mentioned above, the General Partner is an affiliate of the Adviser and serves as the general partner of each Fund. The General Partner will receive Management Fee, Carried Interest, and Additional Fees.

Other than the General Partners, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its clients. Fund investors are advised to review the relevant Governing Documents for more extensive descriptions of the risks of investing in the Funds and the required procedures for resolving conflicts of interest.

- D. Generally, the Adviser does not recommend or select other investment advisers for its Clients.

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

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s personnel. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by personnel of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of personnel’s personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information and, therefore, such professionals may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Currently, neither the Adviser nor its related persons recommend to Clients, or buy or sell for client accounts, investments in which the Adviser or its related persons have a material financial interest. To the extent the Adviser or its related persons may recommend to, or buy or sell for Clients investments in which the Adviser or its related persons have a material financial interest, the Adviser and its related persons will consider and resolve in the best interests of the Clients any conflicts of interest associated with such recommendations, purchases, and sales.

Fund investors are provided with disclosures related to conflicts of interest in the Funds’ Governing Documents prior to making capital commitments to the Funds.

Additionally, the Adviser enforces a robust Code that generally requires, subject to the terms of the Clients’ Governing Documents, the Adviser and its personnel to place the interests of the Clients over their own or those of a related party.

It is critical that investors review the Funds’ Governing Documents for a detailed description of potential conflicts of interest related to an investment in the Funds. The information contained herein is a summary only.

- C. In connection with sponsoring any Fund, the Adviser and certain of its affiliates have an economic interest in such Fund, the General Partner, or both.

Additionally, as provided in the applicable Governing Documents, co-invest opportunities generally are allocated in the manner described in the Governing Documents and the Adviser and certain of its affiliates reserve the right to co-invest alongside the Funds in certain co-investment opportunities.

These may represent a conflict of interest for the Adviser. The Adviser will disclose to Clients these and any other material conflicts of interest which might reasonably be expected to impair the Adviser's rendering of unbiased or objective investment advice. In addition, the General Partner for each Fund has appointed an Advisory Committee selected from among each Fund's limited partners to provide advice and counsel as is requested by the General Partner in connection with the Partnership's investments, material conflicts of interest and other Partnership matters.

D. See Item 11.C. above.

Item 12 - Brokerage Practices

- A. The Adviser's investment strategy involves making long-term investments for Clients in private companies. As a result, the Adviser does not routinely select or recommend broker-dealers for the purchases and sales of securities but has the authority to do so. Furthermore, the Adviser does not maintain any trading accounts and does not use "soft" dollars received from broker-dealers from the purchases and sales of securities for its Clients.
- B. Not applicable.

Item 13 - Review of Accounts

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of the private investments of its Clients. In connection therewith, the Adviser conducts periodic reviews of all private investments held in each Client portfolio. All Adviser investment and operational staff participates in the ongoing monitoring of Client investment portfolios, although responsibilities vary by individual.
- B. See Item 13.A. above.
- C. The Adviser provides Clients and investors, if applicable, with written audited annual financial statements, quarterly unaudited financial statements, and other written reports and communications. In addition to the information provided to all investors, the Adviser reserves the right to provide certain investors with additional information or more frequent reports that other investors will not receive.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to its Clients; except that, the Adviser or its partners, members, personnel, officers, or affiliates are permitted to receive certain transaction fees from actual or prospective portfolio companies in connection with any consummated or unconsummated transactions (“Transaction Fees”). In general, the Management Fee will be reduced by an amount equal to at least 80% of Transaction Fees attributable to the Fund partners other than affiliated partners.
- B. The Adviser has entered into an agreement with a third-party placement agent. This agreement provides for compensation to be paid to the placement agent for referring investors to the Funds. Under this agreement, the placement agent receives a percentage of the capital commitments attributable to certain prospective Fund investors referred depending upon specific circumstances and restrictions. The presence of this agreement is disclosed to prospective Fund investors. This arrangement and any future arrangements are conducted in accordance with applicable laws and regulations, including Rule 206(4)-3 of the Advisers Act. Compensation of the placement agent is borne entirely by the Adviser or its affiliates through an offset against the Management Fees, although certain related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to out-of-pocket costs and expenses incurred by the placement agent, typically are borne by each Fund.

Item 15 - Custody

The Adviser does not serve as the qualified custodian of any of the assets owned by Clients and does not maintain physical custody of any securities or cash owned by the Clients (other than certain privately offered securities to the extent permitted by the Advisers Act and related SEC interpretive guidance).

With respect to the Funds, the Adviser is deemed to have custody, as defined in Rule 206(4)-2 under the Advisers Act, of the assets of the Funds as a result of one or more of its affiliates serving as the General Partner of the Funds it manages. The Funds are audited annually by an independent accounting firm that is registered and examined by the Public Company Accounting Oversight Board, and audited financial statements are delivered to investors in the Funds within 120 days of the applicable fiscal year-end.

Item 16 - Investment Discretion

The Adviser manages each of the Funds on a discretionary basis. Discretionary authority allows the Adviser to select the identity, amount, time, and price at which investments are to be purchased and sold for the Funds. The Adviser is authorized to exercise discretion by the applicable Governing Documents 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 applicable Governing Documents and as previously described, however, the Adviser is expected to enter into side letters with certain investors whereby the terms applicable to such partner's investment in a Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Item 17 - Voting Client Securities

- A. As the Funds make long-term investments in private companies, the Adviser does not expect to exercise authority to vote client securities.
- B. See Item 17.A. above.

Item 18 - Financial Information

- A. The Adviser does not require or solicit prepayment of fees greater than \$1,200 six months in advance.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Clients.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 - Requirements for State-Registered Advisers

The Adviser is an SEC-registered investment adviser. Thus, Item 19 is not applicable.