

**PART 2A OF FORM ADV INVESTMENT ADVISER BROCHURE**

**SUMMIT PARTNERS, L.P.**

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**March 29, 2019**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Summit Partners, L.P. (“Summit Partners”). If you have any questions about the contents of this Brochure, please contact us at (617) 824-1000. 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.**

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

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

### **Material Changes**

Summit Partners filed its most recent Form ADV Part 2A on March 30, 2018. This amendment includes (i) updates related to the list of affiliated advisers of Summit Partners and (ii) certain other updates to the description of the business practices and advisory services of Summit Partners.

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## Summit Partners, L.P. Brochure

### **Section 1. Advisory Business**

Summit Partners, the registered investment adviser, is a Delaware limited partnership. Summit Partners and its affiliated investment advisers provide “investment supervisory services” to their clients, which consist of private investment-related funds. Summit Partners has been in business since 1984. Summit Partners is primarily controlled by its manager, Summit Master Company, LLC. Summit Partners does not have any 25% or more owners.

The following are certain of the affiliated advisers of Summit Partners (collectively, the “**General Partners,**” and together with Summit Partners, the “**Managers**”):

- Summit Partners SD III, L.P. (“**Summit SD III GP**”)
- Summit Accelerator Partners, LLC (“**SAP GP**”)
- Summit Partners VI (GP), L.P. (“**Summit VI GP**”)
- Summit Partners VC II, L.P. (“**Summit VC II GP**”)
- Summit Partners PE VII, L.P. (“**Summit VII GP**”)
- Summit Partners SD IV, L.P. (“**Summit SD IV GP**”)
- Summit Partners Europe, L.P. (“**Summit Europe GP**”)
- Summit Partners GE VIII, L.P. (“**Summit GE VIII GP**”)
- Summit Partners VC III, L.P. (“**Summit VC III GP**”)
- Summit Partners GE IX, L.P. (“**Summit GE IX GP**”)
- Summit Partners VC IV, L.P. (“**Summit VC IV GP**”)
- Summit Partners GE X, L.P. (“**Summit GE X GP**”)
- Summit Partners, LLC (“**Summit Management**”)
- Summit Investors Management, LLC (“**Summit Investors Management**”)
- Summit Partners GE VIII AIV, L.P. (“**Summit GE VIII AIV GP**”)
- Summit Partners GE IX AIV, L.P. (“**Summit GE IX AIV GP**”)
- Summit Partners EGE II, S.a.r.l. (“**Summit EGE II GP**”)
- Summit Partners SD V, L.P. (“**Summit SD V GP**”)

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

The Managers' clients include the following (together with any future private investment fund to which Summit Partners or its affiliates provide investment advisory services, the "**Partnerships**" or the "**Funds**"):

Private Equity and Growth Equity Funds

- Summit Ventures VI-A, L.P.
- Summit Ventures VI-B, L.P.
- Summit VI Advisors Fund, L.P.
- Summit VI Entrepreneurs Fund, L.P.
- Summit Partners Private Equity Fund VII-A, L.P.
- Summit Partners Private Equity Fund VII-B, L.P.
- Summit Partners Growth Equity Fund VIII-A, L.P.
- Summit Partners Growth Equity Fund VIII-B, L.P.
- Summit Partners Europe Private Equity Fund, L.P.
- Summit Partners Growth Equity Fund IX-A, L.P.
- Summit Partners Growth Equity Fund IX-B, L.P.
- Summit Partners Co-Invest (Ironman), L.P.
- Summit Partners Co-Invest (Quicksilver), L.P.
- Summit Partners Growth Equity Fund VIII-A AIV, L.P.
- Summit Partners Growth Equity Fund VIII-B AIV, L.P.
- Summit Partners Growth Equity Fund IX-A AIV, L.P.
- Summit Partners Growth Equity Fund IX-B AIV, L.P.
- Summit Partners Europe Growth Equity Fund II, SCSp
- Summit Partners Growth Equity Fund X-A, L.P. ("**Growth Equity Fund X-A**")
- Summit Partners Growth Equity Fund X-B, L.P. ("**Growth Equity Fund X-B**")
- Summit Partners Growth Equity Fund X-C, L.P. ("**Growth Equity Fund X-C**," and together with Growth Equity Fund X-A and Growth Equity Fund X-B, "**Growth Equity Fund X**")

### Venture Capital Funds

- Summit Accelerator Fund, L.P.
- Summit Accelerator Founders Fund, L.P.
- Summit Partners Venture Capital Fund II-A, L.P.
- Summit Partners Venture Capital Fund II-B, L.P.
- Summit Partners Venture Capital Fund III-A, L.P.
- Summit Partners Venture Capital Fund III-B, L.P.
- Summit Partners Venture Capital Fund IV-A, L.P.
- Summit Partners Venture Capital Fund IV-B, L.P.

### Private Debt Funds

- Summit Subordinated Debt Fund III-A, L.P. (the “**Sub Debt III-A Fund**”)
- Summit Subordinated Debt Fund III-B, L.P. (the “**Sub Debt III-B Fund**”)
- Summit Partners Subordinated Debt Fund IV-A, L.P. (the “**Sub Debt IV-A Fund**”)
- Summit Partners Subordinated Debt Fund IV-B, L.P. (the “**Sub Debt IV-B Fund**”)
- Summit Partners Subordinated Debt Fund V-A, L.P. (the “**Sub Debt V-A Fund**”)
- Summit Partners Subordinated Debt Fund V-B, L.P. (the “**Sub Debt V-B Fund**”)

The General Partners each serve as general partner to one or more Funds and have the authority to make the investment decisions for the Funds to which they provide advisory services. Summit Partners provides the day-to-day advisory services for the Funds. References contained in this Brochure to the strategy and operations of a General Partner should be read to include the activities of Summit Partners and other Summit Partners affiliates that collectively engage in the investment process and ongoing management of the Funds’ portfolio companies.

Summit Partners LLP, a UK FCA-authorized adviser, provides non-discretionary investment advisory services to Summit Partners with respect to certain non-U.S. investments.

Pursuant to an investment management agreement, Bank of America Merrill Lynch provides discretionary investment advisory services with respect to the short-term investment of the Funds’ cash balances under the general oversight of the Managers.

In addition to the Funds listed above, Summit Partners and its affiliates advise certain other private investment funds formed to allow (i) certain employees of Summit Partners and its affiliates and (ii) participants in Summit Partners’ Executive-in-Residence Program (as defined herein) and certain other executive advisors and similar consultants (including former members of Summits Partners’ Executive

Advisors program), in each case, to invest in portfolio investments made by certain Funds (respectively, the “**Summit Employee Funds**” and the “**Summit Entrepreneur Funds**”<sup>1</sup>). Additionally, from time to time and as permitted by the relevant Partnership Agreement (as defined herein), the Manager expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, existing limited partners, finders, consultants and other service providers and/or certain other persons associated with Summit and/or its affiliates to co-invest alongside one or more Fund transactions. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. A General Partner is permitted to employ a subscription facility maintained by one or more Funds to provide interim financing in connection with the acquisition of a portfolio company by such Fund(s) and/or co-investors. Where appropriate and in Summit Partners’ sole discretion, Summit Partners is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs, subject to negotiation with such co-investors. However, to the extent any holding expenses or other related costs, including interest, are not charged to the co-investor, they generally will be borne by the relevant Fund in accordance with the Fund’s Partnership Agreement.

The Funds and any other Funds that may be formed by a General Partner (or its affiliates) at a later date or that may otherwise become clients of a General Partner are expected to invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” The Managers’ investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, the senior principals or other personnel of the Managers or their affiliates serve on the board of directors of one or more portfolio companies or otherwise act to influence control or management of portfolio companies held by the Funds.

The Managers’ advisory services for the Funds are further described in the applicable private placement memoranda (each, a “**Memorandum**”) and limited partnership or other operating agreements (each, a “**Partnership Agreement**” and together with any relevant Memorandum, the “**Governing Documents**”). Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints or for other agreed upon reasons. The Funds or the Managers may enter into side letters or other similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant Governing Documents.

As of December 31, 2018, Summit Partners managed approximately \$12,275,645,159 in client assets on a discretionary basis.

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<sup>1</sup> The Summit Entrepreneur Funds continue to hold prior investments but are no longer actively investing in new portfolio investments alongside the Funds.

The provision of information about the above referenced funds shall in no event be considered to be an offer of interests in a Fund nor shall it be an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed solely to provide information about Summit Partners for the purpose of compliance with certain obligations under the Advisers Act. Potential investors are provided with relevant Governing Documents further describing terms, key risks and conflicts associated with a particular Fund prior to investing and are encouraged to review such documents carefully.

## **Section 2. Fees and Compensation**

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. The Governing Documents of the Funds describe fees, compensation and expenses in greater detail.

### *Management Fee*

With respect to the Funds, each Fund's General Partner receives an annual management fee (the "**Management Fee**") and will receive a carried interest in connection with advisory services rendered to such Fund. Investors in the Funds also bear certain fund expenses.

Each Fund, other than the Private Debt Funds, generally pays a Management Fee equal to a specified percentage of investor capital commitments to the Fund ("**Commitments**"). Generally, upon the occurrence of certain events specified in the Governing Documents (*e.g.*, the date (i) when all Commitments have been invested or otherwise used to pay expenses of the relevant Fund, (ii) the expiration of the investment period for such fund and/or (iii) the formation of a similar successor Fund, in each case, as described in the applicable Governing Documents), the Management Fee is reduced in accordance with the applicable Governing Documents.

With respect to Sub Debt Fund IV-A and Sub Debt Fund IV-B, each of these private debt funds pay a Management Fee equal to a specified percentage of Commitments plus a specified percentage of the aggregate capital contributed to such Fund. Sub Debt Fund V-A and Sub Debt Fund V-B (collectively, the "**SD V Funds**") generally pay a Management Fee equal to a specified percentage of the aggregate capital contributions (including amounts deemed contributed or otherwise funded from the applicable SD V Fund's subscription line), as applicable, to the SD V Fund by such partner in years 1 through 5. Following year 5, the Management Fee with respect to a limited partner for each of the SD V Funds will equal a specified percentage of such SD V Fund's net asset value attributable to such partner.

The Management Fee is typically payable by a Fund to the applicable General Partner monthly or quarterly in arrears, as specified in the relevant Governing Documents. The terms of Management Fee offsets differ among the Funds. Typically, but not in all cases, the Management Fee is reduced or offset by all of a Fund's share of directors' fees, consulting fees, transaction fees, stock options, equity incentives and certain other fees or compensation paid by portfolio companies to a Manager or its senior principals and other personnel (such fees, "**Supplemental Fees**"). To the extent that such a reduction would reduce the applicable Fund's Management Fee for a given period below zero, a credit will be carried forward for future application against payable Management Fees or Fund expenses, and if a credit remains upon dissolution, a payment will be made crediting limited partners unless a limited partner has elected to waive such amount (*e.g.*, where an adverse tax consequence may result). Supplemental Fees with respect to an investment or potential investment (including a transaction not consummated) are allocated to a Fund only to the extent of such Fund's relative ownership (or anticipated ownership) of such investment or potential investment (for these purposes, such relative ownership includes any Summit Employee Fund's interest or anticipated interest in the underlying investment, as further described in a Fund's Governing Documents). Accordingly, a Fund

only will benefit from the Management Fee reduction described above with respect to its allocable portion of any such Supplemental Fee and not the portion allocable to any other person that holds such ownership interest in (or, in the case of a transaction not consummated, would have held such ownership interest in) the applicable investment.

Certain Partnership Agreements permit the General Partner to waive or agree to a reduction of the Management Fee, and any waived or reduced portion of such Management Fee reduces the amount of capital contributions the General Partner would otherwise be required to contribute to the Fund. Any waived portion of a Management Fee installment may be treated as a deemed capital contribution by the General Partner in respect of the General Partner's Commitment. Accordingly, the limited partners of the applicable Fund may be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by a General Partner, it is possible that Management Fee offsets will not be fully realized by investors in a Fund until any unapplied portion of such Management Fee offsets is allocated to limited partners.

#### *Carried Interest*

In addition, each Fund's General Partner will receive a carried interest from investors in the Funds generally equal to up to 25% of all realized profits (as more fully described in each Fund's Governing Documents). A General Partner typically is subject to a potential giveback obligation at the end of one or more periods during the life of a Fund, as specified in each Fund's Governing Documents, in the event such General Partner has received excess cumulative carried interest distributions.

It is expected that any similar future Funds will have a similar fee structure.

#### *Other Information*

Certain of the Funds do not pay, or no longer pay, Management Fees and/or carried interest. The Summit Employee Funds, the Summit Entrepreneur Funds and certain co-invest vehicles established from time to time to manage a specific co-invest opportunity do not charge Management Fees and are not subject to carried interest. Summit Partners may exempt additional and/or different funds in the future as permitted under the relevant Governing Documents.

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 applicable Fund, and investors generally are not permitted to withdraw or redeem interests in the Fund.

Managing Directors of Summit Partners may receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Summit Partners or its affiliates.

Summit Partners LLP is compensated for non-discretionary investment advisory services to Summit Partners out of the Management Fees received by Summit Partners.

Bank of America Merrill Lynch advises the Funds with respect to the short-term investment of the Funds' cash balances. To the extent that Bank of America Merrill Lynch invests any portion of the cash balances in mutual funds, the Funds will bear the fees and expenses of the mutual funds as described in the applicable

mutual fund prospectus. Such fees are in addition to the fees and carried interest received by the General Partner, and except insofar as Bank of America Merrill Lynch may be compensated by the Funds indirectly via any fees and expenses paid with respect to Bank of America Merrill Lynch-sponsored mutual funds, Bank of America Merrill Lynch is not otherwise compensated by the Funds.

Subject to variations in each Fund's Governing Documents (and as further described therein), a Fund typically will pay all organizational and start-up expenses of the Fund and the applicable General Partner (generally subject to a specified cap, in excess of which the relevant General Partner will bear such expenses directly or indirectly through an offset to the Management Fee), including legal (which may include expenses associated with the preparation of, and negotiation of the Fund's Governing Documents and any side letters or similar agreements, including conducting any "most favored nation" or similar process in respect of side letters issued to limited partners), travel (including first-class or private or chartered travel, but limited to the cost of first-class travel, subject to certain exceptions set forth in the applicable Governing Documents), printing, accounting, filing (including blue sky and world sky filings), capital raising, regulatory compliance (including as determined by the relevant General Partner, initial and/or preliminary registrations, notifications, filings and compliance contemplated by the AIFMD or any similar law, rule or regulation), any administrative filing and other organizational expenses. A Fund ultimately will not bear any investment banking or private placement fee incurred in connection with the organization of the Fund, as the applicable General Partner will bear such fees, typically through an offset to the Management Fee.

In addition to organizational expenses (described above) and the Management Fee and carried interest payable to the applicable General Partner, each Fund bears certain expenses according to the terms of the Governing Documents, which may differ among the Funds. As set forth in each Fund's Governing Documents, a Fund typically will bear all other costs and expenses of the Fund that are not reimbursed by portfolio companies, which may include, without limitation: (i) fees, costs, expenses, liabilities and obligations relating or attributable to investigating, structuring, organizing, acquiring, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals or databases), bidding on, owning, managing, operating, holding, hedging, trading, selling, valuing, restructuring, monitoring, taking public or private, winding up, liquidating, dissolving and disposing of a Fund's actual and potential investments (including follow-on investments and refinancings) or seeking to do any of the foregoing (including (A) expenses incurred in connection with finding and/or partnering with executives of potential or actual portfolio companies to do any of the foregoing with respect to a Fund's investments (including executive compensation and benefits and fixed and overhead expenses incurred by a portfolio company (including by a platform company prior to its first acquisition) and due diligence and legal expenses incurred in connection with finding and partnering with executives of potential or actual portfolio companies (including those incurred by such executive)) and (B) the prepayment of principal, interest and fees on money borrowed by or on behalf of a Fund and any expenses incurred with any borrowing); (ii) legal, filing, accounting, auditing, advisory consulting (including consulting and retainer fees paid to consultants performing investment initiatives and other similar consultants and/or expert network services), insurance (including directors and officers, errors and omissions liability and other insurance, and all premiums and charges in connection with the maintenance thereof), broker, finder's, financing, commitment, real estate title, appraisal, printing, custodian, depository (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive ("AIFMD") or any law, rule or regulation relating to the implementation thereof in any relevant jurisdiction), Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) including any law, rule or regulation related to the implementation thereof), trustee, record keeping, safekeeping, transfer, registration and other similar fees and expenses (including fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals); (iii) expenses incurred in connection with third-party valuations (including costs of third-party valuation agents and pricing services); (iv) fees, costs and expenses associated with the preparation or distribution of a Fund's financial statements, tax returns, tax

estimates, U.S. Schedule K-1 (or substitute Schedule K-1) or any other Fund-related or investment-related registration, filing, regulatory, compliance, reporting, depository, legal, accounting or administrative filing and fees and expenses related to the foregoing incurred to allow such Fund, the applicable General Partner or their affiliates to comply with non-U.S. and U.S. federal, local and state laws and regulations during the term of such Fund, excluding, for clarity, registration and filing obligations not related to such Fund; (v) expenses associated with the Summit Partners' and a Fund's compliance with the requirements of the AIFMD, as implemented in any relevant jurisdiction and including any secondary legislation, regulations, rules and/or associated guidance, and any related requirements and, for the avoidance of doubt, any registrations, notifications, filings and compliance contemplated or arising under the AIFMD other than expenses and costs of the initial, registrations, notifications, filings and compliance with AIFMD which fall within organizational expenses of a Fund) (excluding, for clarity, registration and filing obligations not expressly related to such Fund); (vi) fees, costs and expenses of an advisory board (including travel (but not chartered travel) and any other reasonable out-of-pocket costs and expenses incurred by representatives of the applicable General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board) and annual and other periodic meetings of the limited partners and any other meeting with any limited partner(s) (other than meetings solely with one limited partner or one or more affiliated limited partners); (vii) costs and expenses of complying with any side letter agreements related to a Fund; (viii) fees, costs and expenses incurred in connection with the organization, management, operation, dissolution, liquidation and final winding-up of any alternative investment vehicle; (ix) indemnification fees, costs and expenses (including any fees, costs and expenses incurred in connection with indemnifying any partner other person pursuant to the Partnership Agreement or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement); (x) extraordinary expenses (including fees, costs and expenses of any actual, threatened or otherwise anticipated, governmental inquiry, investigation or proceeding, litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and judgments, other awards and settlements, if any); (xi) all out-of-pocket fees, costs, expenses, liabilities and obligations relating to investment and disposition opportunities for a Fund not consummated (including, without limitation, legal, accounting, auditing, insurance, travel (including first-class or private or chartered travel, but limited to the cost of first-class travel, subject to certain exceptions as set forth in the relevant Governing Documents), consulting (including consulting and retainer fees paid to any consultants performing investment initiatives and other similar consultants), brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination, entity formation and other fees and expenses (collectively, "**Broken Deal Expenses**") (including Broken Deal Expenses relating to transactions that have been syndicated or offered to but not taken by co-investors, or for which a syndication or co-investment was believed necessary in order to consummate such transaction)); (xii) any activities with respect to protecting the confidential or non-public nature of any information or data; (xiii) except as otherwise determined by the applicable 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 if it were incurred in connection with a Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to such Fund to the extent not paid by the investors investing in such entities; (xiv) any taxes, fees or other governmental charges levied against a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of such Fund; (xv) fees, costs and expenses incurred in connection with the dissolution, liquidation and final winding up of a Fund; (xvi) all costs relating to amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund, the applicable General Partner and any alternative investment vehicle, including the preparation, distribution and implementation thereof, but excluding any amendment implemented following passage by the U.S. Congress of certain U.S. federal income tax legislation as more fully described in the applicable Partnership Agreement and/or that is for the sole benefit of the General

Partner or its partners; (xvii) costs associated with the enforcement of defaults by partners in the payment of any capital contributions; (xviii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the applicable Partnership Agreement to the extent not borne or reimbursed by a transferring party; (xix) all out-of-pocket fees, costs, expenses, liabilities and obligations relating to portfolio accounting and management, support and monitoring software and related services; (xx) organizational expenses of a Fund; and (xxi) any other fees, costs, expenses, liabilities or obligations approved by the advisory board. The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of the Managers and/or their affiliates. As is typical for private equity, senior equity and senior debt funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

Subject to a Fund's Governing Documents, the applicable General Partner (together with Summit Partners and any applicable affiliates) will generally bear its (i) normal and recurring operating and administrative expenses, including, but not limited to, compensation of all of the General Partner's professional personnel, fees and expenses for administrative services, office space and facilities, (ii) certain other expenses, such as entertainment expenses, (iii) fees and expenses related to the General Partner registering, and maintaining its registration, as an investment adviser under the Advisers Act and related compliance requirements (including costs and expenses related to the preparation and filing of Form ADV and Form PF) and (iv) certain other expenses, as specified in the Governing Documents.

In connection with management of the Funds, Summit Partners expects to utilize consultants and other service providers. For example, Summit Partners utilizes a number of such individual consultants who are seasoned executives in relevant industry sectors to work alongside Summit Partners to identify, diligence, and negotiate investment opportunities in specific industry sectors (members of the **"Executives-in-Residence,"** also referred to by Summit Partners as Entrepreneurs-in-Residence). When a portfolio company needs a dedicated executive, chairperson, board member or other personnel, an individual in the Executives-in-Residence program may be retained directly by the portfolio company or a holding vehicle of a portfolio company. Upon such retention, the person, in most cases, will leave the Executives-in-Residence program.

Executives-in-Residence, as well as other third-party consultants who provide advice or other services to Summit Partners from time to time on specific transactions, including providing services to certain portfolio companies in which the Fund invests, are typically not considered Summit Partners personnel. Such individuals are expected to be utilized during a Fund's investment process and throughout a Fund's investment holding period, as applicable, and are expected to receive compensation, including, but not limited to, consulting fees, transaction fees and board fees. Terms relating to the Executives-in-Residence program differ among the Funds, but any compensation, fees and expenses payable to Executive-in-Residence by (or on behalf of) a Fund or portfolio company may not result in any offsets to the Management Fee in accordance with a relevant Fund's Governing Documents.

Brokerage fees may be incurred by the applicable Fund in accordance with the practices set forth in Section 9 below.

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds or co-investment vehicles (including without limitation legal expenses for a transaction in which all such Funds participate, Broken-Deal expenses in which certain Funds were expected to participate or other fees or expenses in connection with services the benefit of which are received by other Funds over time) or advance an initial investment amount, and be reimbursed by the other Funds by their share of such expense, without interest. In certain circumstances, the Manager has advanced, and likely will in the future advance, amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Summit Partners' related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). When a co-invest vehicle is formed (such as the Summit Employee Funds or with respect to other third-party co-investors), such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. With respect to co-invest vehicles, expenses allocable to such entities in connection with a portfolio investment, which may include such vehicle's share of diligence, auditing and other fees, are allocated to that vehicle. Except as discussed directly below, in the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken-Deal Expenses relating to such proposed transaction will be borne by the applicable Fund(s), and not by any potential third party co-investors, Executives-in-Residence or portfolio company management that were expected to have participated in such transaction. However, to the extent that such third party co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken-Deal Expenses, subject to negotiations with such co-investors regarding expenses.

With respect to the Summit Employee Funds and the Summit Entrepreneur Funds, fees and expenses allocable to such Funds in connection with a portfolio investment, which may include such fund's share of Broken-Deal Expenses, auditing fees and other fees, as applicable, are allocated to that Fund, and will be paid by such Summit Employee Fund, Summit Entrepreneur Fund or the Manager.

### **Section 3. Performance-Based Fees and Side-By-Side Management**

As discussed under Section 2 ("Fees and Compensation") above, Summit Partners or its affiliates receive a carried interest allocation on certain realized profits in the Funds. A performance-based allocation is an allocation representing an asset manager's compensation based on a percentage of net profits of the fund being managed. Summit Partners and its affiliates also advise the Summit Employee Funds and Summit Entrepreneur Funds, which do not pay management fees and are not subject to carried interest. Additionally, to the extent that Summit Partners personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

This practices could present a conflict of interest because Summit Partners has an incentive to favor accounts for which it receives a performance-based fee. This potential conflict of interest is generally addressed by investing the Summit Employee Funds and Summit Entrepreneur Funds in each portfolio company that the applicable Funds that do charge performance-based fees invest in. Such investments are made at substantially the same time and on substantially the same terms as the investments of the applicable Funds and are disposed of in a similar manner.

In addition, Summit Partners seeks to address the potential for conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Summit Partners or any personnel. See Section 5, "Methods of Analysis, Investment Strategies and Risk of Loss," for further discussion of conflicts of interest.

#### **Section 4.     Types of Clients**

The Managers provide investment advice to the Funds. The Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Summit Partners and its affiliates and members of their families, Executives-in-Residence or other service providers retained by Summit Partners.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Funds generally have a minimum investment in the range of \$1 million to \$10 million for third-party investors, which may be waived by the General Partners, but generally will not be less than \$100,000 (or other amounts as specified by local laws and regulations). Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act.

#### **Section 5.     Methods of Analysis, Investment Strategies and Risk of Loss General**

The principal investment strategy of the Managers is to achieve long-term capital appreciation, primarily by acquiring equity and equity-related securities and debt in private growth-oriented companies. Summit Partners invests in growth companies across many industry categories. The primary industries in which Summit Partners has invested to date include business services, communications technology and services, consumer products, education, energy, financial services, healthcare and life sciences, industrial technology, Internet and information services, media and entertainment, semiconductors and electronics, and software.

*The following is a summary of the investment strategies and methods of analysis generally employed by the Managers on behalf of the Funds and a summary of certain risks involved with the Managers’ investment strategy and an investment in the Funds. More detailed descriptions of the Funds’ investment strategies and methods of analysis and risks are included in the applicable private placement memorandum for each Fund. There can be no assurance that the Managers will achieve the investment objectives of the Funds, and a loss of investment may be possible. The investment strategies and methods of analysis and risks described in this section also generally apply to the Summit Employee Funds and Summit Entrepreneur Funds.*

#### **Investment Strategy**

##### *Private Equity and Growth Equity Funds*

- Summit Partners’ U.S. growth equity funds provide growth capital, shareholder liquidity, recapitalization and management buyout investments typically of \$75 million to more than \$300 million. The U.S. growth equity funds invest primarily in U.S.-based businesses operating across

growth sectors, with a primary focus on technology, healthcare & life sciences, and other growth products & services.

- Summit Partners' Europe growth equity funds provide growth capital, shareholder liquidity, recapitalization and management buyout investments typically of €20 million to more than €60 million. The Europe growth equity funds invest primarily in Europe-based businesses operating across growth sectors, with a primary focus on technology, healthcare & life sciences, and other growth products & services.

#### *Venture Capital Funds*

- Summit Partners' venture capital funds currently seek to invest between \$5 million and \$50 million for both minority and majority positions in category-leading private companies with proven business models, records of rapid revenue growth and attractive unit-level economics across two target sectors (technology and healthcare & life sciences).

#### *Subordinated Debt Funds*

- Summit Partners' subordinated debt funds generally co-invest alongside Summit Partners' growth equity and venture capital funds, providing mezzanine debt financing in conjunction with a Summit Partners equity investment. The subordinated debt funds invest in businesses across growth sectors of the economy with a primary focus on technology, healthcare & life sciences, and other growth products & services.
- The subordinated debt strategy seeks current-pay contractual returns with additional upside through equity co-investment, and equity-like access to management, board level decision making and company reporting. Equity co-investment allocation follows a formula specified in the applicable subordinated debt fund's Governing Documents.

### **Operating Strategy**

The Managers seek to provide returns to investors by (i) using research and contacts to identify investment opportunities that the Managers believe are attractive, (ii) performing rigorous analysis and due diligence to select and structure investments, and (iii) providing significant resources to portfolio companies.

*Identification of Investment Opportunities.* The Managers originate many of the Funds' investment opportunities internally by identifying and researching industries of interest and actively pursuing leading companies within those industries. Led by an experienced investment team with substantial sector expertise the Managers take a thematic approach to idea generation, company selection and deal sourcing. The Managers directly contact the leading companies in industries of interest and also develop contacts with research analysts and industry associations, as well as entrepreneurs, venture capitalists, investment bankers, investors, business brokers, accountants, lawyers, placement firms, and consultants. This expansive market coverage provides early insights into growth trends and enables the Managers to identify and productively engage with category leaders across the Manager's sectors of focus.

In addition, from time to time, the Funds may form and fund "platform" companies, where a Fund forms a portfolio company and recruits a management team to build the portfolio company through acquisitions and organic growth. Typically, after recruiting and partnering with a management team or a member of the Executives-in-Residence program to lead a new portfolio company, the Fund will commit start-up capital to fund the operations of the portfolio company which includes the overhead of the management team and any diligence and related expenses incurred in pursuing acquisition opportunities.

*Rigorous Analysis and Diligence.* With respect to the investment opportunities that the Managers pursue actively, the Managers engage in in-depth discussions with management and conduct initial due diligence, arriving at a limited number of investments that become portfolio companies in the Funds. In evaluating potential investments, the Managers consistently maintain high standards of due diligence, engaging a team of Manager professionals who study opportunities and complete extensive management, customer, and industry reference checks.

*Managing Investments.* The Managers believe holding a seat on the board each portfolio company or on having a contractual right to attend board meetings affords Summit Partners with the opportunity to enhance the corporate governance of its portfolio companies, offering the ability to act as a sounding board to management and to more closely monitor and impact the success of these companies. As board directors, the Managers have the ability to provide extensive resources to portfolio companies as well as strategic guidance based on Summit Partners' sector expertise and experience with growth companies.

Additionally, through the services of specialized, purpose built teams, the Managers have the ability to provide extensive resources to its companies. The Managers' internal value enhancement teams provide collaborative, on demand support to portfolio companies by improving operational efficiency and strengthening corporate infrastructure to support continued strong growth, structure and execute capital markets transactions, recruit experienced and impactful senior executives and board directors and provide assistance through leadership mentoring and strategic support.

*Realization of Liquidity.* The Managers have a record of identifying and making attractively priced investments in promising companies and in realizing liquidity on a timely basis. The principal methods by which the Managers expect the Funds to realize gains are by sale of securities in the public equity markets, dividend recapitalizations, secondary buyouts with other financial sponsors or by portfolio company merger with, or sales to, strategic acquirers. For investments in which a Manager is a minority shareholder, the Manager typically tries to negotiate certain liquidity rights at the time of investment. In the alternative, as a majority shareholder, the Managers have a controlling position and the ability to influence or control the timing and method of exit. The Managers continually review investment positions for liquidity alternatives and work with portfolio companies in planning for and realizing liquidity for investors.

## **Types of Investments**

The Funds generally will invest in operating or financial entities, including other investment entities that invest in operating companies such as partnerships or limited liability companies. Equity-related securities may include common stock, preferred stock, warrants, convertible debt, partnership or similar interests in operating entities, options and other derivative type securities. While not their principal focus, the Funds may from time to time invest in cash instruments or short-term debt instruments, including mutual funds which invest in such instruments, pending investment, reinvestment or distribution to their investors. The Funds will hold a substantial portion of their assets in restricted securities, but generally will seek registration rights or other liquidity features in connection with investments to enable them to exit the investment at an appropriate point under the individual circumstances of each investment. The Funds may use leverage in connection with their investments.

From time to time, the Managers may engage in derivatives transactions for the Funds, including option, interest rate, currency and similar transactions. Derivatives transactions will generally be used for hedging purposes.

## Risks of Investment

A Fund and its investors bear the risk of loss that the applicable General Partner's investment strategy entails. The risks involved with the General Partner's investment strategy and an investment in a Fund are detailed in the Fund's Memorandum. In general, the risks with respect to a particular Fund and its General Partner include, but are not limited to:

1. *Business Risks.* A Fund's investment portfolio will 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.
2. *Investment in Junior Securities.* The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect such Fund's investment once made. In the event any portfolio company cannot generate adequate cash flow to meet debt service, such Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect such Fund's returns.
3. *Concentration of Investments.* A Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, such Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect such Fund's aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, such Fund may invest in fewer portfolio companies and thus be less diversified.
4. *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 a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will generally be required to bear Management Fees through such Fund during the term of such Fund based on the entire amount of the limited partners' Commitments and other expenses as set forth in such Fund's Governing Documents.
5. *Dynamic Investment Strategy.* While the applicable General Partner generally intends to seek attractive returns for the applicable Fund primarily through making control-oriented, growth equity investments (or, in the case of venture capital Funds, venture and early-stage investments), the applicable General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate and to the extent not prohibited by the applicable Fund's Governing Documents. The applicable General Partner may pursue investments outside of the industries and sectors in which Summit Partners has previously made investments or has internal operational experience.
6. *Leveraged Investments.* A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage are highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive

financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the applicable Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

A Fund may use credit facilities for the purchase or implementation of certain investments or for other portfolio management purposes. Should such credit facilities be utilized, such Fund would incur additional interest and other expenses with respect to such facilities. Any such credit facility provider that permits such Fund to borrow may accept Fund assets as collateral for such credit facility and may be permitted to require the sale or liquidation of Fund assets held by it as collateral, after default by a Fund pursuant to the agreement with such credit facility provider. Events of default under any such credit facility may include, among other things, failure to pay amounts due under such credit facility, failure to inform the credit facility provider of certain events with respect to a Fund, failure to provide the credit facility provider with certain periodic reports and financial statements, breach by a Fund of other representations and covenants contained in credit facility documentation and other similar terms. In such instances, the credit facility provider may take any action permitted pursuant to such credit facility documentation without notice to a Fund or the applicable General Partner. If any such credit facility provider were to require a Fund to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of such Fund and have adverse tax and economic effects on such Fund.

In connection with any financing or other borrowing transaction, the applicable General Partner shall have the right, at its option, to pledge any or all of the assets of the applicable Fund, including the limited partners' unfunded Commitments, as security for any financing incurred directly or indirectly by such Fund. Limited partners may be required to honor capital calls made by the lender. The incurrence of leverage by a Fund or a flow-through entity owned by such Fund may cause tax-exempt partners to recognize "unrelated business taxable income" within the meaning of Section 512 of the U.S. Internal Revenue Code of 1986, as amended.

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

In addition, Fund-level borrowing will result in incremental 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 and negotiation of the terms of the borrowing 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 a 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.

A credit agreement may contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A Fund may also 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.

8. *Long-Term Investments.* Due to the nature of certain of the Funds' investments, it is uncertain as to when profits, if any, may 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 date. A Fund may continue to hold illiquid investments at the end of such Fund's scheduled term, which could require such term to be extended.
9. *Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners

may be lower than the value of such securities determined pursuant to the applicable Governing Documents, including the value used to determine the amount of carried interest available to the applicable General Partner with respect to such investment.

10. *Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While 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 such Fund (including the annual Management Fee payable to the General Partner or its affiliate) may exceed its income, thereby requiring that the difference be paid from such Fund's capital, including, without limitation, unfunded Commitments.
11. *Growth Equity Transactions.* Many of the equity Funds may invest in growth-equity investments. While growth equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many growth equity portfolio companies will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities, and a larger number of qualified managerial and technical personnel.
12. *Reliance on Portfolio Company Management.* Although the applicable 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 such Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with such Fund's objectives.
13. *Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections and information prepared by such company's management, with adjustments to such projections made by the applicable General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.
14. *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 a Fund's costs and activities, including the ability of such Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

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

In addition, increased scrutiny and potential legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on Summit Partners and may divert time and attention from portfolio management activities.

15. *Additional Government or Market Regulation.* Market disruptions and the dramatic increase in the capital allocated to alternative asset management during recent years have led to increased governmental as well as self-regulatory organization scrutiny of the private fund industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by Congress, as well as the governing bodies of various jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to a Fund, a General Partner, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of a Fund and increase the risk such Fund could be required to disclose the identities of the limited partners. In addition to, and in particular in light of, the changing global regulatory climate, a Fund may be required to register under certain foreign laws and regulations and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market interests to potential investors. The effect of any future regulatory change(s) on such Fund may be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies.
16. *Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that such Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by such Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for such Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.
17. *Non-U.S. Investments.* A Fund may invest in portfolio companies that are organized, or headquartered or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax

rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or the partners.

A Fund's investments may be made in currencies other than the currency in which such Fund's accounts are maintained. The value of an investment may fall substantially as a result of fluctuations in the currency of the country in which the investment is made as against the value of the currency in which a Fund's accounts are maintained. The applicable General Partner may (but is not obligated to) endeavor to manage currency exposures using hedging techniques where available and appropriate. A Fund may incur costs related to currency hedging arrangements. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis, or that such hedging arrangement will achieve the desired effect.

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

18. 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 a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.
19. Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect such Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in such Fund's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, 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 a Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Fund to dispose of investments at prices that the applicable General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

20. *Monetary Policy and Governmental Intervention.* In response to the global financial crisis commencing in the summer of 2007, the Board of Governors of the Federal Reserve System (the "**Federal Reserve**") and global central banks, including the European Central Bank, in addition to other governmental actions to stabilize markets and seek to encourage economic growth, acted to hold interest rates to historic lows. These and other actions by the Federal Reserve and other central bankers, including changes in policies, may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the Fund's investments on an absolute and/or relative basis. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the global financial crisis have not been fully implemented in all cases and therefore the ultimate effects thereof are difficult to predict or measure with certainty. More recently, in response to interagency guidance on leveraged lending by the Federal Reserve, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation intended to curtail certain leveraged lending to market participants such as private equity firms in connection with their investment activities, private equity funds may need to finance portfolio investments with a greater proportion of equity relative to prior periods and the terms of debt financing may be less flexible for borrowers compared to prior periods. These developments may impair the Fund's ability to consummate transactions and/or cause the Fund to enter into transactions on less favorable terms.
21. *Hedging Arrangements.* The applicable General Partner may (but is not obligated to) endeavor to manage the applicable Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. Such Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("**OTC**") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

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

Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.

22. *Material Non-Public Information.* As a result of the operations of Summit Partners and its affiliates, Summit Partners frequently comes into possession of confidential or material non-public information. Therefore, Summit Partners and its affiliates may have access to material non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, such Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Summit Partners' internal policies.
23. *Anti-Money Laundering and Other Regulatory Restrictions.* Anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Summit Partners or a Fund from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

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

24. *Public Company Holdings.* A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject such Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including principals of Summit Partners and increased costs associated with each of the aforementioned risks.
25. *Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other

considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to a Fund's business, tax or other interests, and a Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

26. Director Liability. A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes such Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from such Fund's investment activities.
27. Unfunded Pension Liabilities of Portfolio Companies. Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. A Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If such Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.
28. Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by a Fund. When estimating fair value, Summit Partners will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. Such valuations are subject to Summit Partners' discretion and may change from time to time without notice to investors. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by Summit Partners may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees. There can be no assurance that the valuation decision of Summit Partners with respect to an investment will represent the value realized by a Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.
29. Co-Investments. The applicable General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners and/or other persons, in each case on terms to be determined by the applicable 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 applicable General Partner in its sole discretion, may

not be in the best interests of a Fund or any individual limited partner. In exercising its sole discretion in connection with such co-investment opportunities, the applicable General Partner may consider some or all of a wide range of factors in accordance with such General Partner's allocation policies, which may include the likelihood that an investor may invest in a future fund sponsored by such General Partner or its affiliates. A Fund may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of such Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner. For the avoidance of doubt, investment professionals that have retired or no longer provide full-time investment advice to Summit Partners or its affiliates, including former employees and managing directors of Summit Partners, may co-invest alongside a Fund and may receive compensation from portfolio companies of such Fund. Such compensation will not result in offsets to or reductions of the Management Fee and such individuals are not subject to the restrictions on the principals of Summit Partners such as conflicts of interest, priority of transaction opportunities and formation of other vehicles.

30. *Tax Laws Adversely Affecting Summit Employees and Other Service Providers.* U.S. federal income tax law treats certain income allocations to service providers by a partnership (such as a Fund), including any carried interest, as short-term capital gain taxed at higher ordinary income rates unless such partnership has held the asset which generated such gain for more than three years. This could adversely affect the ability of the principals and employees of Summit Partners or other individuals associated with a Fund or a General Partner who were or may in the future be granted direct or indirect interests in such General Partner entitling such persons to benefit from carried interest. As a result, such persons' after-tax returns from such Fund and such General Partner could be reduced, which could make it more difficult for such General Partner and its affiliates to incentivize, attract and retain individuals to perform services for such Fund. This could also create an incentive for such General Partner to cause such Fund to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.
31. *Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (a) customer data or payment information; (b) customer or portfolio company financial information; (c) portfolio company software, contact lists or other databases; (d) portfolio company proprietary information or trade secrets; or (e) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Summit Partners or one of its service providers holding its financial or investor data, Summit Partners, its affiliates or a Fund may also be at risk of loss.
32. *Data Privacy and Protection Compliance.* Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of a portfolio company.

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

EU data protection law currently in effect is derived from the Data Protection Directive (Directive 95/46/EC) and has been implemented by national legislation across all 28 EU member states. On May 25, 2018, the General Data Protection Regulation (EU 2016/679) (the “**GDPR**”) replaced the existing legislation. The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR is binding on data controllers and data processors in all EU member states without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach and will have a significant impact on data controllers and data processors either with an establishment in the EU, or which offer goods or services to EU data subjects or monitor EU data subjects’ behavior within the EU. The new regime imposes more stringent operational requirements on both data controllers and data processors, and has introduced significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive will also be repealed by the EU Commission’s Regulation on Privacy and Electronic Communications (the “ePrivacy Regulation”) which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy. The ePrivacy Regulation is in the process of being finalized and is due to come into force in 2019.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of the Firm’s current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on reputation.

## **Conflicts of Interest**

Summit Partners and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and provide transaction-related, investment advisory, legal, management and other services to Funds and portfolio companies. Summit Partners will devote such time, personnel and internal resources to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Summit Partners conducting its activities, the interests of a Fund may conflict with the interests of Summit Partners, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Summit Partners will determine all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Funds.

At any given time, Summit Partners and its affiliates will typically manage several other Funds in addition to a given Fund, which may include investments similar to those in which such Fund will be investing or have investments in portfolio companies in the form of securities or other investments that are not the

principal focus of such Fund. Summit Partners and its affiliates may direct certain relevant investment opportunities to those other Funds. In the event such other Funds have made or may make investments in portfolio companies that also are appropriate for, or of interest to, another Fund, the Governing Documents of the applicable Fund may prohibit investments in such portfolio companies by such Fund without consent of the Fund's advisory board and/or the advisory boards of the other Funds. If such consent is obtained, the Fund and such other Funds may invest together in such portfolio company or purchase different classes of debt and/or equity of the same portfolio company.

In addition, the Governing Documents of certain of the Funds contemplate that such Funds generally will concurrently invest with other Funds. Such concurrent investments will generally be in the debt of a portfolio company in which another Fund concurrently purchases equity. Concurrent debt and equity investments are generally subject to specific restrictions as set forth in the applicable Governing Documents. These and other investments may be deemed to create conflicts of interest, particularly because a General Partner and its affiliates must determine how to allocate investment opportunities across eligible Funds and, once invested, may take certain actions for some Funds or affiliates with respect to one class of debt or equity that may be adverse to other Funds or affiliates who hold other classes of debt or equity of the same portfolio company. In the event of a conflict of interest, each applicable General Partner and its affiliates will seek to act in a manner they believe in good faith to be fair to the applicable Funds under the circumstances. In addition, the Funds' investment opportunities and ability to influence underlying portfolio companies may be restricted to the extent other Funds managed by Summit Partners or its affiliates have made an investment in a portfolio company. Certain conflicts and/or restrictions could be waived by investors (or their representatives) in such funds, including the Fund, at the time of such conflict. However, Summit may or may not, in its sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained. In such cases, other than as set forth below or in the Governing Documents, the General Partner and its affiliates will seek to act in a manner it believes in good faith to be fair to the applicable investment funds under the circumstances. In some cases, the Funds' interest may be adverse to such other investment funds in situations where a portfolio company is underperforming, but also in allocating investment opportunities, expenses related to unconsummated deals and offset fees. In addition, in certain cases of default or proposed restructuring of debt of a portfolio company in which another Fund concurrently purchases equity, the General Partner shall consult with the Advisory Board of the Fund that holds the debt securities and may in certain cases where the General Partner and Fund's Advisory Board do not agree on a course of action seek, as required by the Fund's Governing Documents, an independent third party to develop a mutually agreed upon course of action for the portfolio company.

From time to time, Summit Partners will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Summit Partners. In determining which investment vehicles should participate in such investment opportunities, Summit Partners and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Except as required by the relevant Governing Documents, Summit Partners is not obligated to recommend any investment to any particular investment vehicle. Investments by more than one Fund in a portfolio company also may raise the risk of using assets of one Fund to support positions taken by another Fund.

Summit Partners must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. Summit Partners generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Governing Documents, as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant Governing Documents, where applicable), strategies, life-cycle, structure and other relevant factors.

Following such determination of allocation among the Funds, Summit Partners will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for

such Fund and any such excess may be offered to one or more potential co-investors, as determined by the Funds' Governing Documents, Side Letters and Summit Partners' procedures regarding allocation. Summit Partners' procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; Summit Partners' perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Summit Partners' ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; and whether Summit Partners believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Summit Partners. Although a prospective co-investor's willingness to invest in future Funds may be considered by Summit Partners, it generally will not be the sole determining factor considered by Summit Partners in identifying co-investors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Summit Partners or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Summit Partners investors, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent the Summit Employee Funds and/or other related persons of Summit Partners and its affiliates make capital investments in or alongside certain Funds, Summit Partners and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Summit Partners' allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Summit Partners will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Summit Partners may be subject, discussed herein, did not exist.

In certain cases, Summit Partners will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Summit Partners will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds (or other funds advised by an affiliate of Summit Partners) invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt

should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. In such cases, other than set forth in the applicable Fund's Governing Documents, the Managers will seek to act in a manner they believe in good faith to be fair to the applicable investment funds under the circumstances.

In addition, where multiple Funds (or other funds advised by an affiliate of Summit Partners) invest at the same, different or overlapping levels of a portfolio company's capital structure, if additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds (or other funds advised by an affiliate of Summit Partners) may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Summit Partners in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Summit Partners may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Summit Partners may be subject to conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. Summit Partners intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund (or a fund advised by an affiliate of Summit Partners), or if it were to invest in the securities of a company in which another Fund (or a fund advised by an affiliate of Summit Partners) has already made an investment. A Fund may not, for example, be able to invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Summit Partners and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to each Fund. In that regard, actions may be taken for one or more Funds that adversely affect other Funds. For the avoidance of doubt, the potential conflicts among Funds discussed herein also potentially exist between the Funds and other funds that are advised by Summit Partners Credit Advisors, L.P., an affiliate of Summit Partners, and its advisory affiliates.

Subject to any relevant restrictions or other limitations contained in the Governing Documents of the Funds, Summit Partners will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Summit Partners may be faced with a variety of potential conflicts of interest. The allocations of such expenses may not be proportional. The Funds have different expense reimbursement terms, which may result in the Funds bearing different levels of expenses with respect to the same investment.

In addition, the principals of the Managers (the "**Principals**") may spend a portion of their business time and attention pursuing investment opportunities for other Funds and other than on behalf of a given Fund.

However, the Principals and the applicable General Partner's investment staff will continue to manage and monitor such Fund and its investments. The General Partners believe that the significant investment of the Principals in a Fund, as well as the Principals' interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of the Principals with the interest of the Fund, although the Principals have economic interests in such other Funds as well and receive Management Fees and carried interest therefrom. Such other Funds that the Principals may control may compete with a given Fund or companies acquired by the Fund. At such time as the applicable General Partner is permitted to raise a successor investment fund to a Fund, the Principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

As a result of the Funds' interests in portfolio companies, Summit Partners and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation.

Additionally, a portfolio company typically will reimburse a Manager or service providers retained at a Manager's discretion for expenses (including without limitation travel expenses) incurred by such Manager or such service providers in connection with its performance of services for such portfolio company. This subjects Summit Partners and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. A Manager determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to a Manager or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or review by third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

Summit Partners and/or its affiliates generally exercise their discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Summit Partners or a related person of Summit Partners (which may include a portfolio company of such Fund), (ii) an entity with which Summit Partners or its affiliates or current or former members of their personnel has a relationship or from which Summit Partners or its affiliates or their personnel otherwise derives financial or other benefit and/or (iii) certain limited partners or their affiliates. For example, Summit Partners may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or a related business. This subjects Summit Partners to conflicts of interest, because although Summit Partners selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Summit Partners may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Summit Partners, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Fund(s) or Summit Partners), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Summit Partners has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, as described above, portfolio companies (or, to the extent not paid by a portfolio company, the Funds) bear the fees and expenses (either directly or through reimbursement of Summit Partners, which may initially advance amounts to such persons) of third-party consultants (including Executives-in-Residence and other consultants introduced or arranged by Summit Partners and/or its affiliates that may

from time to time provide services to one or more portfolio companies) and other third-party service providers, and such amounts do not offset the Management Fee as described herein. Executives-in-Residence may make use of Summit Partners resources or otherwise be associated with Summit Partners. Summit Partners and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. The use of Executives-in-Residence and other consultants and the allocation of compensation paid to them by Summit Partners, its affiliates and/or the portfolio companies subjects Summit Partners and/or its affiliates to potential conflicts of interest. Additionally, 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. Executives-in-Residence, as well as individuals who provide advice or other services to Summit from time to time on specific transactions, including providing services to certain portfolio companies, are typically not considered Summit personnel. Terms relating to the Executives-in-Residence program differ among the Funds according to each Fund's Governing Documents, but any compensation, fees (which may include, without limitation, cash fees, retainers, a profits or equity interest in a portfolio company, consulting fees, transaction fees, board fees and other similar compensation) and expenses payable to Executive-in-Residence by (or on behalf of) a Fund or portfolio company will not result in any offsets to the Management Fee.

Although uncommon, from time to time Summit Partners may cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by Summit Partners, or co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Summit Partners intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Although Summit Partners generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, Summit Partners intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Summit Partners and/or its affiliates may also, from time to time, employ personnel with preexisting ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Summit Partners and/or its affiliates; conversely, former personnel or executives of Summit Partners and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Summit Partners. Similarly, Summit Partners, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide

services (including services at reduced rates) to, Summit Partners and/or its affiliates, and/or the Funds or other investment vehicles they advise. Summit Partners may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Summit Partners information about markets and industries in which Summit Partners operates (or is contemplating operations) or will provide other services that are beneficial to Summit Partners. Summit Partners may have a conflict of interest in making such recommendations, in that Summit Partners has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Summit Partners, its affiliates, and equity holders, officers, principals and employees of Summit Partners and its affiliates may buy or sell securities or other instruments that Summit Partners has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to the policies and procedures set forth in Summit Partners' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. The Summit Employee Funds and other related persons of Summit Partners have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Summit Partners and/or an affiliate, are reimbursed by a Fund and/or its portfolio companies, Summit Partners and/or its affiliates may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Because a General Partner's carried interest is based on a percentage of realized profits of the respective Fund, it may create an incentive for the General Partner to cause the applicable Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Summit Partners may not otherwise have done so.

Summit Partners, its personnel, affiliates or others designated by Summit Partners expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the relevant Governing Documents are applied, Summit Partners and/or such other recipients will be permitted to retain such securities as Supplemental Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the Summit Partners or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund).

Summit Partners may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Summit Partners has instituted a program under which portfolio companies owned by the Funds are eligible to participate in purchasing, vendor or similar arrangements with Summit Partners, its affiliates and other portfolio companies. Program participants receive a group rate negotiated with various vendors and service providers. Participants participate in the program without cost. Summit Partners and its affiliates may also

participate in the program, and receive similar benefits and discounts as the portfolio companies participating therein. Summit Partners believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies.

Summit Partners has incentives to use or to recommend products or services of one portfolio company to another, which may involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Summit Partners has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option.

Any of these situations subjects Summit Partners and/or its affiliates to potential conflicts of interest. Summit Partners attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Summit Partners' advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Summit Partners will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Summit Partners consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

#### **Section 6. Disciplinary Information**

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

#### **Section 7. Other Financial Industry Activities and Affiliations**

Summit Partners is affiliated with other Summit Partners investment advisers that are registered with the SEC under the Advisers Act pursuant to Summit Partners' registration in accordance with applicable SEC guidance. These advisers are SAP GP, Summit VI GP, Summit VC II GP, Summit VII GP, Summit SD IV GP, Summit Europe GP, Summit GE VIII GP, Summit VC III GP, Summit GE IX GP, Summit VC IV GP, Summit Management, Summit Investors Management, Summit GE VIII AIV GP, Summit GE IX AIV GP, Summit EGE II GP, Summit GE X GP and Summit SD V GP. These affiliated investment advisers operate as a single advisory business together with Summit Partners and serve as General Partners of the Funds and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. Summit Partners is also affiliated with Summit Partners Credit Advisors, L.P., Summit Partners Credit GP, L.P., Summit Partners Credit A-1 GP, L.P., Summit Partners Credit II, L.P., Summit Partners Credit A-2, L.P., Summit Partners Credit B-2, L.P., Summit Partners Credit III, L.P., Summit Partners Public Asset Management, LLC, and Summit Partners Alydar GP, L.P., each of which is separately registered or deemed registered as an investment adviser with the SEC under the Advisers Act.

Summit Partners has adopted certain policies and procedures to minimize any conflicts of interest between the Funds advised by Summit Partners, Summit Partners Public Asset Management, LLC and Summit Partners Credit Advisors, L.P. The Funds advised by Summit Partners, Summit Partners Public Asset Management, LLC and Summit Partners Credit Advisors, L.P. have substantially different investment programs. Each of Summit Partners, Summit Partners Public Asset Management, LLC and Summit Partners Credit Advisors, L.P.'s investment activities are generally performed independently; however, each may leverage Summit Partners' internal deal sourcing network and internal contacts when performing investment activities.

Summit Partners LLP, a UK FCA-authorized adviser, provides non-discretionary investment advisory services to Summit Partners with respect to certain non-U.S. investments.

## **Section 8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Managers have adopted the Summit Partners Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of the Managers’ Principals and employees and addresses conflicts that arise from personal trading. The Code requires the Managers’ personnel to report their personal securities transactions and, subject to certain exceptions such as non-discretionary accounts and a limited number of publicly traded securities, prohibits the Managers’ personnel’s direct or indirect acquisition of beneficial ownership of securities without first obtaining approval from the Managers’ Chief Compliance Officer. In addition, the Code requires the Managers’ Principals and employees to comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any client or prospective client upon request to Robin W. Devereux at 617-824-1000 or RDevereux@summitpartners.com. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client-eligible investments.

The Managers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Managers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Managers. Accordingly, should the Managers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Managers would be prohibited from communicating such information to clients, and the Managers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Summit Partners personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals, employees, senior advisors and retired investment professionals of the Managers and their affiliates may directly or indirectly own an interest in Funds, including certain co-investment vehicles. Such co-investment vehicles may invest in one or more of the same portfolio companies as the Funds. The Managers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the Managers with the Funds.

Co-invest opportunities may also be presented to certain affiliates of the Managers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, the Funds may invest together in the manner set forth in the applicable Governing Documents. The Managers will determine allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Managers’ fiduciary obligations and consistent with the applicable Funds’ underlying documents. In the case of co-invests, the Managers may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in the Funds’ portfolio companies or otherwise to have priority in co-investment opportunities.

The Managers and their affiliates, Principals and employees may carry on investment activities for their own accounts and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to other accounts or certain Funds or vehicles which may differ from

advice given to, or securities recommended or bought for, other Funds or vehicles, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds sponsored by Summit Partners (the “**Referenced Funds**”) may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other Funds in issuers held by such Referenced Funds or may give priority with respect to investments to such Referenced Funds. Some of these restrictions could be waived by investors (or their representatives or advisory boards) in such Referenced Funds. However, the Managers may or may not, in their sole discretion, seek any such waiver and, in any event, there can be no assurance that any waiver sought would be obtained.

The Managers may recommend the purchase or sale of securities for Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates (“**affiliated persons**”), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the Managers or the Funds. Certain of these transactions may require the consent of the applicable clients or Funds.

## **Section 9. Brokerage Practices**

The Managers focus on securities transactions of private companies and generally purchase and sell such companies through privately negotiated transactions in which the services of a broker-dealer are unlikely to be retained. However, the Managers may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Managers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Managers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Managers. In such event, the Managers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Managers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

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

Consistent with the Managers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Managers generally do not make use of such services at the current time. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Managers’ Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Managers, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Funds. Research services may be shared between the Managers and their affiliates.

The Managers will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, the Managers may, in their discretion, cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Managers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Managers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Managers will periodically determine which brokers have provided research that has been helpful in the management of the Funds. To the extent consistent with the Managers' goal to obtain best execution for their clients, the Managers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Managers allocate brokerage business on the basis of research services, they may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on their Funds' interest in receiving most favorable execution.

The Managers do not anticipate engaging in significant public securities transactions; however, to the extent that the Managers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Managers may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Managers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Managers is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

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

Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Funds over time.

#### **Section 10. Review of Accounts**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Managers closely monitor companies in which the Funds invest, and the Managers' Chief Executive Officer, Chief Financial Officer and/or Chief Compliance Officer periodically check to confirm that each Fund is managed in accordance with its stated objectives.

The Managers place great importance on holding a seat on the board of each portfolio company or on having a contractual right to attend board meetings, and may otherwise act to influence management or control of companies held by the Funds, including through approval rights.

The Funds generally provide to their limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) quarterly reports describing the status of each investment in the Fund's portfolio (including the General Partner's estimate of the fair value of each investment determined as set forth in the Governing Documents).

#### **Section 11. Client Referrals and Other Compensation**

As discussed in the "Fees and Compensation" section, the Managers and/or their affiliates may receive certain Supplemental Fees from a Fund's portfolio companies. As described in the applicable Fund's Governing Documents, this compensation is generally offset against the Management Fees paid by the Funds. As previously noted, investment professionals that have retired or no longer provide full-time investment advice to Summit or its affiliates, including former employees and directors of Summit Partners, may receive compensation from portfolio companies in the form of stock options, equity incentives and certain other fees or compensation paid by portfolio companies of the Funds. Such compensation will not result in offsets to or reductions of the applicable Fund's management fee.

From time to time, Summit Partners may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. With respect to Growth Equity Fund X-B and Sub-Debt V-B Fund, Summit Partners retained Korea Asset Investment Services Co., Ltd to solicit commitments from certain non-U.S. investors in exchange for a placement fee calculated as a specified percentage of the commitments from such investors it successfully has referred. The fees payable to such placement agents, if any as applicable, will be borne by Summit Partners directly or indirectly through an offset against the applicable Management Fee, although related expenses incurred pursuant to the placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Funds.

#### **Section 12. Custody**

The Managers maintain custody of the Funds' assets held in the Funds' names with the qualified custodians listed below:

- Bank of America, N.A., located at 100 North Tryon Street, Charlotte, North Carolina 28255
- Carta Securities, LLC, 600 Harrison Street, Ste 120, San Francisco, CA 94107
- Société Générale Bank & Trust, located at 11, avenue Emile Reuter, L-2420 Luxembourg
- Silicon Valley Bank, located at 3003 Tasmann Drive, Santa Clara, CA 95054
- Merrill Lynch, Pierce, Fenner & Smith Incorporated, located at 600 California Street, 8th Floor, San Francisco, CA 94108

#### **Section 13. Investment Discretion**

Each Manager has discretionary authority to manage investments on behalf of the applicable Fund. As a general policy, the Managers do not allow clients to place limitations on this authority, provided that the Governing Documents of a Fund may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the applicable Governing Documents, however, a Manager may enter into "side letter" or similar arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons or for other agreed upon reasons. The

applicable Manager assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Fund.

**Section 14. Voting Client Securities**

In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures (the “**Policy**”) to address how any Manager will vote proxies, as applicable, for the Funds’ portfolio investments. The Policy seeks to ensure that the applicable Manager votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds’ investors through the Managers’ Principals’ beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict of interest between the applicable Manager and the Funds in voting proxies, the Policy provides that the Manager may address the conflict using several alternatives, including by seeking the approval or concurrence of the Funds’ advisory board on the proposed proxy vote or through other alternatives set forth in the Policy. The Managers do not consider service on portfolio company boards by Manager personnel or Principals or the Managers’ receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. A copy of the Policy or information regarding how the Managers voted proxies for particular portfolio companies will be provided to clients or prospective clients at no charge upon request to Robin W. Devereux at 617-824-1000 or [RDevereux@summitpartners.com](mailto:RDevereux@summitpartners.com).

**Section 15. Financial Information**

Summit Partners does not require or solicit prepayment of Management Fees more than six months in advance and does not have any other events requiring disclosure under this item of the Brochure.