

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

**SUMMIT PARTNERS, L.P.**

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**March 30, 2012**

**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**

This section discusses only material changes to this Form ADV Part 2A since the last annual update of this Form ADV Part 2A dated March 31, 2011.

Summit Partners has consolidated the registration as investment advisers under the Advisers Act of the following entities with Summit Partners under applicable SEC guidance: Summit Partners SD II, LLC, Summit Partners IV, L.P., Summit Partners SD III, L.P., Summit Partners V, L.P., Summit Accelerator Partners, LLC, Summit Partners VI (GP), L.P., Summit Partners VC II, L.P., Summit Partners PE VII, L.P., Summit Partners SD IV, L.P., Summit Partners Europe, L.P., Summit Partners GE VIII, L.P., Summit Partners VC III, L.P. and Summit Partners, LLC. Certain changes were made to this Form ADV Part 2A as a result of such consolidation in order to describe the fact that such entities now rely on the registration of Summit Partners.

In addition, changes were made in order to reflect the commencement of operations by Summit Partners' affiliate in India, Summit India Advisory Private Limited, a company incorporated and registered under the Companies Act, 1956, of India.

Finally, the Form ADV Part 2A was updated to further describe the minority interest of certain affiliates and investment professionals of Summit Partners in a hedge fund complex (the Alydar Funds), and the compliance policies and procedures Summit Partners has adopted in order to minimize any conflict of interest between Summit Partners and the Alydar Funds.

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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 II, LLC (“**Summit SD II GP**”)
- Summit Partners IV, L.P. (“**Summit IV GP**”)
- Summit Partners SD III, L.P. (“**Summit SD III GP**”)
- Summit Partners V, L.P. (“**Summit V 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, LLC (“**Summit Management**”)
- Summit Investors Management, LLC (“**Summit Investors Management**”)

Each General Partner listed above is registered under 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 (collectively the “**Partnerships**” or the “**Funds**,” and together with any future private investment fund to which Summit Partners or its affiliates provide investment advisory services, “**Private Investment Funds**”):

Private Equity/Growth Equity/Venture Funds

- Summit Ventures IV, L.P.
- Summit Ventures V, L.P.
- Summit V Companion Fund, L.P.
- Summit V Advisors Fund, L.P.
- Summit V Advisors Fund (QP), L.P.
- 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 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.

Private Debt Funds

- Summit Subordinated Debt Fund II, L.P.
- Summit Subordinated Debt Fund III-A, L.P.

- Summit Subordinated Debt Fund III-B, L.P.
- Summit Partners Subordinated Debt Fund IV-A, L.P.
- Summit Partners Subordinated Debt Fund IV-B, L.P.

#### Accelerator Funds

- Summit Accelerator Fund, L.P.
- Summit Accelerator Founders Fund, L.P.

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 Partnerships' portfolio companies.

Summit Partners Limited, a UK FSA-authorized adviser, and Summit India Advisory Private Limited, a company incorporated and registered under the Companies Act, 1956, of India, each provide 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 Global Capital Management ("**BOA Global**") 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 employees of Summit Partners and its affiliates, as well as certain other persons, to invest in certain portfolio investments made by certain of the Funds (the "**Summit Employee Funds**").

The Funds and any other Private Investment 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. 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 may serve on a portfolio company's board of directors or otherwise act to influence control or management of portfolio companies held by the Funds.

The Managers' advisory services for Private Investment Funds are further described in the applicable private placement memoranda and limited partnership agreements, as well as below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment

Discretion.” Investors in Private Investment 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, altering or supplementing a Fund’s partnership agreement (the “**Partnership Agreement**”).

As of December 31, 2011, Summit Partners managed approximately \$8,980,990,042 in client assets on a discretionary basis.

## **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 Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

With respect to the Funds, each Fund’s General Partner receives an annual management fee (the “**Management Fee**”) and a carried interest in connection with advisory services. 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**”). The Private Debt Funds each pay a Management Fee equal to a specified percentage of Commitments plus a specified percentage of the aggregate capital contributed to such Fund. The Management Fee is typically payable by the Fund to the applicable General Partner monthly in arrears. In some cases, the Management Fee may be reduced where a particular subsequent Fund is formed. Typically, the Management Fee is reduced by directors’ fees, consulting fees, and any transaction fees and certain other fees paid by portfolio companies to a Manager or its senior principals and other personnel (such fees, “**Supplemental Fees**”).

Under certain of the Funds’ Partnership Agreements, the General Partner waives or agrees to, or may waive or agree to, a reduction of amounts 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.

Certain of the Funds do not pay or no longer pay Management Fees.

In addition, each Fund’s General Partner will receive a carried interest from investors in the Funds generally equal up to 25% of all realized profits (as more fully described in each Fund’s Partnership Agreement). The carried interest distributed to a General Partner typically is subject to a potential giveback at the end of the life of the applicable Fund if the General Partner has received excess cumulative distributions. The General Partners do not bear the Management Fee and/or carried interest payable by a Fund.

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

The Funds and other Private Investment 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 Partnership Agreement, 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 a portion of the Management Fee, carried interest or other compensation received by Summit Partners or its affiliates.

Summit Partners Limited and Summit India Advisory Private Limited are each compensated for non-discretionary investment advisory services to Summit Partners out of the Management Fees received by Summit Partners.

For its investment advisory services with respect to the short-term investment of the Funds' cash balances, certain of the Funds pay BOA Global an annual fee, billed quarterly in arrears, based on the market value of daily average assets under BOA Global's management. To the extent that BOA Global invests any portion of the cash balances in mutual funds, the fee for such investments increases. BOA Global's fee is in addition to fees and carried interest received by the General Partner.

As described in each Fund's Partnership Agreement, a Fund will typically pay all organizational and start-up expenses of the Fund and the applicable General Partner (generally subject to a specified cap), including legal, travel, accounting, filing, capital raising and other organizational expenses. A Fund will not ultimately bear any investment banking or private placement fee incurred in connection with the organization of the Fund. In addition to the Management Fee and carried interest payable to the applicable General Partner, a Fund will typically bear all other costs and expenses of the Fund that are not reimbursed by portfolio companies, which may include, without limitation, legal, auditing, consulting, financing, accounting and custodian fees and expenses; out-of-pocket expenses incurred in connection with transactions not consummated; expenses of the members of the Fund's advisory board; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund.

Subject to a Fund's Partnership Agreement, the applicable General Partner (together with Summit Partners and any applicable affiliates) will generally bear the normal and recurring operating and administrative expenses of the Fund, including, but not limited to, compensation of all of the General Partner's professional personnel and fees and expenses for administrative services, office space and facilities.

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

### **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, which do not charge management fees and are not subject to carried interest. This practice 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 in each portfolio company that the applicable Funds that do charge performance-based fees invest in. Such investments are made on substantially the same terms. 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 Private Investment Funds, including the Funds. Private Investment 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 Private Investment Funds may include individuals, banks or thrift institutions, other investment entities, 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.

The Funds generally have a minimum investment in the range of \$1 million to \$5 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 of 1940, as amended.

#### **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 products, 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.*

## **Investment and Operating Strategy**

The Managers seek to provide returns to investors by (i) using research and contacts to identify investments 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, including by cold calling executives of such companies. In addition, the Managers 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, which contacts generate a significant number of investment 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 place great importance on holding a seat on the board of each portfolio company or on having a contractual right to attend board meetings. The Managers may provide significant resources to portfolio companies, including contacts, advice, and assistance with matters such as staffing, marketing, strategic direction, public and private financing, and mergers and acquisitions.

*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 market or by merger or sale of portfolio companies with or to larger corporations or to financial buyers. In many Fund investments, the Managers seek to 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 Private Investment 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 private placement memorandum. In general, the risks with respect to a particular Fund and its General Partner include, but are not limited to:

1. *Business Risks.* The 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 the Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund's investment once made. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the Fund's returns.
3. *Concentration of Investments.* The Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or industry may substantially affect the Fund's aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Fund may invest in fewer portfolio companies and thus be less diversified.
4. *Lack of Sufficient Investment Opportunities.* It is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying and structuring private equity and related subordinated debt transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will generally be required to pay annual Management Fees based on the entire amount of their Commitments.
5. *Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Fund primarily through making control-oriented investments in growth companies (or, in the case of venture capital Funds, venture and early-stage investments) as described herein, the 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 Fund's operating documents. The 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. The 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 the Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate, and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.
7. Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments and hence, most of the Fund's investments will be difficult to value. Certain investments may be distributed in kind to the partners.
8. Reliance on Portfolio Company Management. Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.
9. Projections. Projected operating results of a company in which the Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company 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.

10. Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. United States financial reform legislation enacted on July 21, 2010 (the “**Dodd-Frank Act**”) enhances governmental scrutiny and increases regulation of the private equity industry. There can be no assurance that such increased regulation will not have an adverse impact on the Fund’s activities, including the ability of the Fund to implement operating improvements, execute its investment strategy or otherwise achieve its investment objectives. The combination of recent scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Fund’s efforts to consummate investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.
11. Need for Follow-On Investments. Following its initial investment in a given portfolio company, the Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that the Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investment may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund’s ownership in a portfolio company if a third party invests in such portfolio company.
12. Non-U.S. Investments. The Fund may invest in portfolio companies that are organized or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to the Fund’s income and possible non-U.S. tax return filing requirements for the Fund and/or the partners.

The Fund’s investments may be made in currencies other than the currency in which the 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 the Fund’s accounts are maintained. The General Partner may (but is not obligated to) endeavor to manage currency exposures using hedging techniques where available and appropriate. The 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 include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions and (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction. 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.

13. Public Company Holdings. The Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including the Principals and increased costs associated with each of the aforementioned risks.
14. Director Liability. The Fund will often 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 the Fund's representatives and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.
15. Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.
16. Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007, which can impact the public market comparable earnings multiples used to value privately held portfolio companies. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Following the

onset of the credit crisis, the rate of investment by private funds slowed and may continue to do so as the pricing of new transactions adjusts to reflect the current economic uncertainty and any continued lack of credit in the markets. Holding periods are also likely to be longer if the rate of realizations remains slow in light of any continuing deterioration in market conditions for initial public offerings or further decline in merger and acquisition activity. The value of publicly traded securities may be volatile and such securities may be difficult to sell as a block, even following a realization through listing. The impact of the credit crisis may also affect the Fund's ability to raise funding to support its investment objective and the level of profitability achieved upon realizations of investments.

17. *Continued Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* The deterioration of the global credit markets starting in 2007 made it more difficult for investment funds such as the Fund to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, dramatically reduced investor demand for high yield debt and senior bank debt, which in turn led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. The Fund's ability to generate attractive investment returns may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Fund to realize its investments at favorable times or for favorable prices.

### **Conflicts of Interest**

At any given time, Summit Partners and its affiliates will typically manage several other Private Investment 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 Private Investment Funds. In the event such other Private Investment Funds have made investments in portfolio companies that a given Fund may also be interested in, the Partnership Agreement may prohibit investments in such portfolio companies by the Fund without consent of the Fund's advisory board. If such consent is obtained, the Fund and such other Private Investment Funds may purchase different classes of debt and/or equity of the same portfolio company. In addition, certain of the Funds contemplate that such Funds generally will concurrently invest with other Private Investment Funds. Such concurrent investments will generally be in the debt of a portfolio company in which another Private Investment Fund concurrently purchases equity. Such debt investments are generally subject to specific contractual restrictions as set forth in the applicable Partnership Agreement. These and other investments may be deemed to create conflicts of interest, particularly because a General Partner and its affiliates may take certain actions for some Private Investment Funds or affiliates with respect to one class of debt or equity that may be adverse to other Private Investment Funds or affiliates who hold other classes of debt

or equity of the same portfolio company. In such cases, such General Partner and its affiliates will seek to act in a manner they believe in good faith to be fair to the applicable Private Investment Funds under the circumstances.

In addition, the principals of the Managers (the “**Principals**”) may spend a portion of their business time and attention pursuing investment opportunities for other Private Investment Funds and other than on behalf of a given Fund. The Principals and the applicable General Partner’s investment staff will continue to manage and monitor such Private Investment Funds and 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 Private Investment Funds as well and receive Management Fees and carried interest therefrom. Such other Private Investment 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.

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. However, the Managers believe that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align, to some extent, the interests of the Principals with that of the Funds.

#### **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 Summit SD II GP, Summit IV GP, Summit SD III GP, Summit V GP, 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 Management and Summit Investors Management. These affiliated investment advisers operate as a single advisory business together with Summit Partners and serve as General Partners of the Partnerships 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. and Summit Partners Credit A-1 GP, L.P., each of which is registered or deemed registered as an investment adviser with the SEC under the Advisers Act.

Summit Partners Limited, a UK FSA-authorized adviser, and Summit India Advisory Private Limited, a company incorporated and registered under the Companies Act, 1956, of India, each



provide non-discretionary investment advisory services to Summit Partners with respect to certain non-U.S. investments.

Certain affiliates and investment professionals of Summit Partners have an interest in a hedge fund complex (the “**Alydar Funds**”) managed by Alydar Capital, L.L.C. and Alydar Partners, L.L.C. (the “**Alydar Managers**”). Summit Alydar, L.P., an entity controlled by Summit Master Company, LLC (a control person of Summit Partners), is a non-controlling, minority member of the Alydar Managers. The remaining ownership interests in the Alydar Managers are held by the investment professionals that control and manage the Alydar Funds. Summit Alydar, L.P. has certain approval rights over non-investment-related fundamental decisions of the Alydar Managers and the Alydar Funds, appoints (jointly with the founding member of the Alydar Managers) three of four members of an advisory board of the Alydar Managers, and receives a portion of the management fees and incentive allocations/fees earned by the Alydar Funds. Summit Partners and its managing directors and affiliates are not involved in the day-to-day operations or investment decisions of the Alydar Managers and the Alydar Funds. In addition, the Alydar Funds pursue a substantially different investment program than do the Private Investment Funds.

Summit Partners has adopted certain policies and procedures to minimize any conflict of interest between the Private Investment Funds and the Alydar Funds, including procedures generally to screen the Summit Partners investment professionals from the Alydar Managers investment professionals; procedures that generally prohibit the Alydar Funds from trading in securities that are included on a “restricted list” maintained by Summit Partners; and procedures designed to ensure that any discussions between Summit Partners and the Alydar Managers do not involve companies in which the other party has an interest or with which the other party may be pursuing a transaction.

## **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 prohibits the Managers’ personnel’s direct or indirect acquisition of beneficial ownership of securities in an initial public offering and, without first obtaining approval from the Managers’ Chief Compliance Officer, in a limited offering. 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](mailto: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 and employees of the Managers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including the Funds or certain co-investment vehicles. 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 Private Investment Funds. The Funds and other Private Investment Funds may invest together in the manner set forth in the applicable Partnership Agreement. 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 Private Investment Funds' underlying documents.

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. In addition, as noted above, certain affiliates of the Managers have an interest in a hedge fund complex.

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 may 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’ Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by the Managers, and brokerage commissions paid by one Private Investment Fund may apply towards payment for research services that might not be used in the service of such Private Investment 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 Private Investment 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 Private Investment 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 Private Investment 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 Private Investment Funds are completed independently, the Managers may also purchase or sell the same securities or instruments for several Private Investment 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 Private Investment Fund of the Managers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment 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 Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Fund.

Each Private Investment 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 Private Investment Funds over time.

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

The investments made by the Private Investment 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 Private Investment Funds invest, and the Managers' Chief Compliance Officer periodically checks to confirm that each Private Investment 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 Partnership's portfolio (including the General Partner's estimate of the fair value of each investment determined as set forth in the Partnership Agreement). In the case of Summit Accelerator Founders Fund, L.P., the fund prepares reports on a semi-annual basis.

#### **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 Partnership Agreement, this compensation is generally offset against the Management Fees paid by the Funds.

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 or other Private Investment Fund. Any fees and expenses payable to any such third parties will be borne by Summit Partners directly or indirectly through an offset against the Management Fee.

#### **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
- JPMorgan Chase Bank, N.A., located at 270 Park Avenue, New York, NY 10017
- Silicon Valley Bank, located at 3003 Tasmann Drive, Santa Clara, CA 95054.
- Wells Fargo Bank, N.A., located at 420 Montgomery Street, San Francisco, CA 94163
- Merrill Lynch, Pierce, Fenner & Smith Incorporated, located at 600 California Street, 8th Floor, San Francisco, CA 94108
- Deutsche Bank (Mauritius) Limited, located at 4th Floor, Barkly Wharf East, Le Caudan Waterfront, Port Louis, Mauritius
- Liquidnet, Inc., located at 498 Seventh Avenue, 15th floor, New York, New York 10018

#### **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 Partnership Agreement of a Fund may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the applicable Partnership

Agreement, 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 Partnership Agreement 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.