

## Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Great Hill Partners, L.P. ("GHP"). If you have any questions about the contents of this Brochure, please contact us at (617) 790-9400 and/or [lgerber@greathillpartners.com](mailto:lgerber@greathillpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

GHP is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications presented to you by an investment adviser provide you with information which you may use to determine to hire or retain the adviser or invest in its managed Funds.

*Additional information about GHP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 – Material Changes

This Brochure updates the previous Great Hill Partners, L.P. Brochure dated March 30, 2015. There have been no material changes to the business of GHP since filing the previous Brochure, however, this Brochure contains enhanced disclosure with respect to various items, including:

- Waivers, fees and expenses
- Use of Alternative Investment Vehicles (AIVs)
- Co-investment practices
- Risks associates with cybersecurity

Currently, GHP's Brochure may be requested by contacting Laurie Gerber, GHP's Chief Compliance Officer, at (617) 790-9430 or [lgerber@greathillpartners.com](mailto:lgerber@greathillpartners.com). You can always receive the most recent version of this Brochure through the SEC's public disclosure website (IADP) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). We encourage all recipients to read this Brochure carefully and in its entirety.

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## **Item 4 – Advisory Business**

Great Hill Partners, L.P., a Delaware limited partnership, is based in Boston, Massachusetts, and has been in business since 1998. GHP is a registered investment adviser. The principal owner of GHP is Great Hill Advisors, LLC.

GHP provides investment advisory services to private pooled investment vehicles (the “Funds”). The Funds are closed-ended and generally have a term of 10 years, subject to certain exceptions in each Funds’ Governing Documents (which include an offering memorandum and limited partnership agreement or operating agreement). The Funds commenced operations between 1999 and 2014. The Funds were marketed primarily to institutional investors and high net worth individuals. These investors purchase interests in the Funds and investments are made at the Fund level, not for individual investors in the Fund. GHP’s only advisory clients are the Funds. Related entities of GHP act as the general partner or manager of each Fund (“General Partners”).

As the investment adviser to the Funds, GHP, along with each Fund’s General Partner, identifies investment opportunities for, and participates in the acquisition, monitoring, and disposition of the Funds’ investments. The advisory services provided to each of the Funds are further described in the Funds’ Governing Documents. The Governing Documents also detail the Funds’ investment restrictions and remuneration GHP and the General Partners will receive for managing the Funds.

References to the entities GHP or the Funds’ General Partner(s) shall be used interchangeably unless otherwise stated.

GHP provides private capital to finance the expansion, recapitalization or acquisition of growth companies in the communications, financial technology, healthcare, information services, Internet, media, retail, consumer, software and other industries. The Funds’ investments are predominantly in non-public companies acquired through privately negotiated transactions. As permitted by the Funds’ Governing Documents, some investments have been made in public companies. The personnel of GHP, the General Partners or their affiliates serve on portfolio companies’ board of directors or otherwise act to influence the management of the portfolio companies held by the Funds.

The General Partners have entered into “side letters” with certain investors pursuant to which the General Partner grants the investor specific rights, benefits, or privileges that are not made available to other investors in the applicable Fund. These arrangements typically clarify any regulatory, informational, and interpretational issues with the Governing Documents. Such agreements will be disclosed only to those actual or potential investors that have separately negotiated with the applicable General Partner for the right to review such agreements. There are currently no “side letter” or similar arrangements that grant investors lower management fees or carried interest except the General Partner does not pay a management fee on its Limited Partner interest in the most recent fund. GHP does not participate in any wrap fee programs.

GHP manages all assets on a discretionary basis in accordance with the terms and conditions of each Fund’s Governing Documents. GHP does not manage client assets on a non-discretionary basis. As of December 31, 2015, GHP’s regulatory assets under management is \$2,771,974,000.

## **Item 5 – Fees and Compensation**

### **Fees**

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*

As set forth in the Governing Documents, the General Partner of each Fund receives an annual management fee based on the total committed capital of each Fund. The General Partner of each Fund utilizes the advisory services of GHP. The management fee schedule for each Fund is determined at the time the Fund is formed and can be found in each Fund's Governing Documents. The management fee is billed to each Fund monthly and payable in advance. The management fee is paid from the Funds' assets.

Management fees are reduced by the amount of any fees received by the General Partner or GHP for services rendered in obtaining financings for any portfolio company, breakup fees (net of direct expenses) and consulting fees or directors fees (excluding reimbursement for out-of-pocket expenses).

Additionally, Management fees are reduced by a preset amount ("Credit Amount") in accordance with the Governing Documents of each Fund. The amount of any capital contribution required to be made by the General Partner in respect to its interest as a limited partner in the Fund is reduced by the Credit Amount. The General Partner may receive a special allocation of profits in respect to its interest as a limited partner for the Credit Amount, only to the extent that the Fund reports long term capital gain as described in the Governing Documents. Reductions to management fees due to waivers are taken into account before applying the offsets described above.

Investors generally are not permitted to withdraw or redeem interests in the Funds. The management fees will be prorated for any period in which GHP's advisory relationship with a Fund is terminated.

#### *Other Fees*

In the event that GHP or its affiliates receive transaction fees, consulting or investment banking fees, break-up fees or directors' fees in connection with the Funds' investments or prospective investments in portfolio companies, GHP will generally either reduce the management fee by these amounts or pay the fees to the appropriate Fund(s). Any reductions in the management fee or payments to the Fund(s) are reduced by expenses incurred by GHP or its affiliates in performing such services.

### **Expenses**

#### *Expenses Paid by the Funds*

The Funds will typically bear and be charged expenses, to the extent not borne by each Fund's portfolio companies, related to: (i) the services of tax advisers, accountants, legal counsel, auditors, custodians, consultants, lenders, investment banks and other financing firms, brokers,

agents, valuations firms, and other professional service providers in connection with the operations of the Funds; (ii) litigation, indemnity or the purchase and maintenance of any director and officer liability or other insurance; (iii) finding, developing, visiting, negotiating, researching, diligencing and structuring prospective or potential investments (whether or not consummated), “search entities” or “industry segment initiatives”, or associated with any “executive in residence” or similar activities, including, any legal, tax, accounting, advisory, financing, retained search, travel and entertainment (other than travel and entertainment related to the day-to-day operations of GHP, the General Partners and their affiliates), research and consulting, or retainer costs and expenses incurred in connection therewith; (iv) portfolio companies and investments, including without limitation (a) attending board or management meetings, (b) market research and mapping (c) researching, contacting, and meeting with consultants, retained search firms, investment banks, accountants, and other professional service providers, and (d) trading, monitoring and holding investments or portfolio company securities; (v) the organization or maintenance of any intermediate entity or alternative investment fund used to acquire, hold or dispose of any portfolio company or investment, or otherwise facilitating the Funds’ investment activities, including without limitation any travel expenses related to such entity and any salary and benefits of any personnel (other than personnel of GHP and its affiliates) reasonably necessary for the maintenance of such entity; (vi) the conduct of the Funds’ business, including compliance with U.S. federal, state, local, non-U.S. or other laws and regulations; (vii) any audit, investigation, settlement or review of the Funds, its operations or its finances; (viii) any annual meetings, special meetings, any votes or consents of limited partners or any amendments to or waivers of the Governing Documents; (ix) any meetings or other activities of each Fund’s advisory committee; (x) the wind down or liquidation of the Funds; and (xi) any borrowings made by the Funds, including, but not limited to, interest and costs associated therewith, and any fees and expenses arising out of the arranging, entering into, maintaining or retiring thereof. “Executives in residence” are finders that may be paid a moderate retainer and reasonable out-of-pocket expenses by the applicable Funds to fund expenses while they seek to identify investments for the Funds.

Expenses that are attributable to two or more Funds will be allocated between the Funds in an equitable manner as determined by the General Partner, taking into consideration, among other factors, the nature of the expense, whether the expense is related to an investment or operations, and the relevant allocation metric for the applicable expense (for example, committed capital, investment cost, or number of entities generating the expense).

GHP has entered into “expense reimbursement agreements” with certain portfolio companies of the Funds to facilitate the reimbursement of out-of-pocket expenses that GHP incurs on behalf of portfolio companies. These expenses are otherwise permitted to be reimbursed according to the Funds’ Governing Documents. Under the terms of these agreements, portfolio companies generally will prepay a set amount of anticipated out-of-pocket expenses to GHP. If the amount of actual out-pocket expenses incurred by GHP is less than the amount prepaid to GHP, then GHP returns such amounts to the applicable Funds.

### *Organizational Expenses*

The Funds pay legal and other organizational expenses, including the out-of-pocket expenses of GHP and each Fund’s General Partner, not to exceed a certain expense cap.

Placement agent fees are borne by the General Partner of the Fund while out-of-pocket expenses of the placement agent are included in organizational expenses. Organizational expenses in excess of the expense cap, if any, are generally borne by the General Partner of the Fund.

### *Brokerage Costs*

The Funds will also bear any related brokerage expenses. For more information on GHP's brokerage practices, please see Item 12 below.

Please refer to each Fund's Governing Documents for additional information on the fees and expenses associated with each Fund.

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

The Governing Documents for the Funds provide that the investors first receive distributions equal to their contributed capital. Thereafter, all distributions shall be made eighty percent (80%) to the investors and twenty percent (20%) to the General Partner ("Carried Interest"). Any share of profits paid to the General Partner of a GHP Fund is in addition to the management fees charged to the Funds for advisory services.

Performance-based Carried Interest arrangements received by the General Partners may create an incentive for GHP to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. The General Partners believe this incentive is mitigated because the General Partners (and their principals) also invest in the Funds so that their interests should be aligned with the interests of the Fund.

Please see Item 11 below for information on the allocation of investment opportunities between Funds, including co-investments by affiliates and third-parties, and related conflicts of interest.

Please refer to the Governing Documents of each Fund for complete information on the fee arrangements.

### **Item 7 – Types of Clients**

GHP currently provides investment advisory services to private pooled investment Funds. Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of such Fund, and not individually to the investors in the Fund. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act of 1933 and the Investment Company Act of 1940, as amended. Investors in the Funds include high net worth individuals, financial institutions, corporate pension plans, public pension plans, retirement plans, sovereign wealth funds, trusts, insurance companies, charitable organizations, university endowments, funds-of-funds, corporations and other investment entities, as well as partners, employees and affiliates of GHP or the Funds' General Partners.

GHP and/or its affiliates may establish certain alternative investment vehicles ("AIVs") for the purpose of addressing tax, legal or other regulatory or other similar reasons and/or facilitating certain investments by one or more GHP Funds and/or investors. For purposes of this Brochure, any mention of a Fund is deemed to refer to any AIV of such Fund, and vice versa. The Governing Documents of the Funds describe AIVs in greater detail.

Generally, GHP requires that each investor in a Fund be (i) an "accredited investor" as defined in Regulation D under the Securities Act of 1933, and (ii) a "qualified purchaser" or "knowledgeable employee", within the meaning of the Investment Company Act of 1940, as amended.

Minimum investment commitments in the past have been, and in the future may be, established for limited partners in GHP Funds. The General Partner of each GHP Fund, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the applicable Governing Documents of such GHP Funds.

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

### **Methods of Analysis and Investment Strategies**

Using GHP's proprietary research program and targeted outbound calling efforts, GHP seeks to identify and build relationships with rapidly growing middle market companies in its targeted sectors that have the potential to be strategically important to larger enterprises. By building relationships with these companies prior to a planned capital raise or sale event, GHP is able to identify the companies with whom it wishes to work with, track their growth and development over a number of years, and position itself to move aggressively to win the deals that it finds most attractive. GHP's model emphasizes value creation through the combination of organic growth, accretive acquisitions and company-building tactics.

Key aspects of GHP's strategy include:

- Middle market focus
- Identification of high-growth segments
- Rigorous research and proactive origination
- Focus on majority ownership positions
- Value-added company-building tactics
- Conservative use of leverage
- Emphasis on exits to strategic buyers

GHP targets the lower end of the middle market (defined as companies with enterprise values typically under \$500 million), primarily in North America; however, GHP may make investments internationally, and has done so in the past. GHP's investment in each portfolio company typically ranges from \$25 million to \$100 million and generally uses a limited amount of leverage, if any. GHP focuses on segments within the business services and consumer services industries that GHP believes are significantly outpacing the U.S. economy and includes companies with sustainable organic growth prospects.

GHP originates transactions through its rigorous, in-house research program, which involves a targeted outbound effort focused on direct calls to company CEOs and industry thought-leaders by members of GHP's team. In addition to the research generated in-house, GHP may also use external research including lawyers, advisors, third party consultants, lenders, and research analysts among others to obtain leads which can result in investments in portfolio companies for the Funds. Historically, a significant majority of the transactions have been with companies identified through GHP's research efforts. GHP's strategy is to primarily make investments that represent controlling interests in portfolio companies, but, from time to time, may also take a minority interest. Through active board participation at the Funds' portfolio companies, GHP seeks to influence the management of the portfolio companies in order to make tangible improvements to the portfolio companies and build sustainable growth, with the goal of ultimately creating attractive target businesses for strategic acquirers.



## **Risks**

Investments made by the Funds involve a substantial degree of risk and the Funds may lose all or a substantial portion of the value of their investments. The risks involved with the Funds and investments made by the Funds include, but are not limited to:

### *Nature of Investments Generally*

The Funds' investments will be highly illiquid, and are not expected to be readily marketable or freely transferable. Consequently, dispositions of portfolio companies may take a long time. The Funds will only make a limited number of investments, and these investments generally will involve a high degree of risk. Accordingly, poor performance by a few investments could severely affect the total returns to the Funds.

Private equity investments involve a high degree of business and financial risk and can result in substantial loss. Among those risks are the general risks associated with investing in companies at an early stage of development and/or with operating losses and/or with significant variations in operating results. In many cases, these companies will require substantial capital to support expansion plans to achieve and maintain a competitive position. Such companies also will likely face intense competition from established companies with greater resources and capabilities. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Funds will be adequately compensated for risks taken. A loss of principal is possible. The timing of profit realization is highly uncertain.

Investments in more mature companies in the expansion or profitable stage also involve substantial risks. The companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing and general management of these activities. Development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies which survive and prosper can be small.

GHP's task of identifying investment opportunities, managing such investments and realizing a significant return for the Funds may not be successful.. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize such investments successfully. In making their investment decisions, GHP may rely upon a portfolio company's projections concerning future growth and performance; such projections are inherently subject to uncertainty and to certain factors beyond the control of the General Partners or the portfolio company.

### *Investments in Leveraged Companies*

The Funds will make equity investments in leveraged portfolio companies. It is possible that a leveraged portfolio company in which a Fund invests will not have sufficient cash flow to pay its current debt service obligations as they become due or will not be able to refinance its outstanding indebtedness on favorable terms, or at all, upon maturity. It is anticipated that certain portfolio

companies will have outstanding variable rate debt. An increase in interest rates could impact such portfolio companies' ability to meet current debt service obligations. If a portfolio company is unable to timely meet its payment obligations or fails to satisfy applicable financial covenants, the portfolio company's lenders typically will have the ability to exercise a variety of remedies under the relevant credit documents, including foreclosing on the assets of the portfolio company that are used to secure the underlying debt. Any rights of a Fund as an equity holder will be junior to the rights of the portfolio company's lenders, whether the underlying debt is secured or not. If a portfolio company is liquidated or sold, there may be no assets remaining for equity holders after the portfolio company's creditors are paid.

#### *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. There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for a Fund to increase its participation in a successful operation.

#### *Foreign Investments*

The Funds may invest in portfolio companies that are organized and operating outside the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Funds) and the application of complex tax rules to cross-border investments. The Funds do not intend to hedge currency risks.

#### *No Assurance of Investment Return*

There is no assurance that the Funds will be able to invest capital on attractive terms or generate returns for their investors. Past performance provides no assurance of future success. There is no assurance of any distribution to the investors in the Funds prior to or upon liquidation of the Funds. Further, the General Partner of a Fund may distribute the publicly traded securities of a portfolio company to the investors in the Fund; any such distribution could exert downward pressure on the market price of such issuer's securities.

An investment in a Fund is a long-term commitment. The transferability of interests is restricted by the Governing Documents and by U.S. federal and state, as well as foreign, securities laws. Voluntary withdrawals of interests in a Fund are not permitted, except in limited instances when necessary to comply with laws or regulations applicable to a Fund investor, including, but not limited to, ERISA regulations.

#### *Bridge Financings*

The Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such

event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by that Fund.

### *Risks of Targeted Portfolio*

There may be no readily available market for the Funds' investments, many of which will be difficult to value. Consequently, the Funds may not be able to dispose of investments when they desire to do so. The securities purchased by the Funds typically will have been issued in private placement transactions and will be subject to legal or contractual restrictions on resale by the Funds. In some instances, the sale of securities owned by the Funds may require lengthy negotiations. Securities may not be liquidated within the term of a Fund and may have to be distributed in-kind to the investors in the Fund at the Fund's termination.

The Funds will take stakes in privately held companies and may also invest directly in publicly traded companies. Therefore, the Funds may at times hold minority equity stakes in public companies, such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

### *Economic and Market Risks*

There can be no assurance that investments will be available when the Funds are ready to invest, or that available investments will meet the Funds' investment criteria. The marketplace for private equity investing has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments, and the competition for investment opportunities is at high levels. The Funds will compete for investments with other funds and companies, some of which have greater resources than the Funds. There can be no assurances that GHP and the General Partners will locate an adequate number of attractive investment opportunities. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified.

General economic conditions beyond the control of GHP and the General Partners may affect the performance of the Funds. Interest rates, general levels of economic activity, performance of the public securities markets and participation by other investors in the financial markets may affect the value of the portfolio companies or companies being considered for prospective investments. Legal, tax and regulatory changes could occur during the terms of the Funds that may adversely affect the Funds.

### *Potential Liabilities*

In connection with their investments, the Funds may negotiate for the right to appoint one or more members of a portfolio company's board of directors. Such membership on the board of directors of a company can result in a Fund or the individual director being named as a defendant in litigation. Typically, portfolio companies will have insurance to protect directors and officers, but this insurance may be inadequate. The Funds will also indemnify the General Partners for liabilities incurred in connection with operations of the Funds, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of such company typical of those

made in connection with the sale of a business. The Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the General Partner of the Fund may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

The Governing Documents provide that the General Partners will not be liable to the Funds or to any investor for any loss or damage sustained in connection with the Funds' business, including errors in judgment or other acts or omissions reasonably believed to be within the authority granted to them under the Governing Documents, unless such loss or damage is the result of gross negligence, willful malfeasance or fraud. As a result, investors in the Funds effectively may have a more limited right of action against the General Partners than they would otherwise have absent such provisions in the Governing Documents that limit the liability of the General Partners. The Governing Documents will also provide for indemnification of the General Partners against liability arising out of any acts or omissions in connection with the business of the Funds if such acts or omissions do not constitute gross negligence, willful malfeasance, fraud, or felonious criminal violation of law.

#### *Dependence on General Partners and GHP*

The investors in the Funds will not take part in the Funds' investment processes. The Funds will be dependent upon the activities of the key persons at GHP and the General Partners. Should one or more of the key persons become incapacitated or in some way cease to participate in the Funds, the Funds' performance could be adversely affected. No assurances can be given that each member of the General Partners will continue to be affiliated with the Funds throughout its term. Some of the members of the General Partners or GHP may have limited experience working together to manage investment funds such as the Funds. Notwithstanding any prior experience that members of GHP and the General Partners may have in making investments of the type expected to be made by the Funds, any such prior experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance that members of GHP and the General Partners will be able to duplicate prior levels of success.

#### *Relation to Other Investment Results*

The nature of, and risks associated with, the Funds' future investments may differ substantially from those investments and strategies undertaken historically by such Funds. There can be no assurance that the Funds' investments will perform as well as the past investments, that the existing investments of the Funds will perform as anticipated, or that the Funds will be able to avoid losses.

#### *Investments Longer than Term*

The Funds may invest in investments which may not be advantageously disposed of prior to the date that the Funds will be dissolved, either by expiration of the Funds' term or otherwise. Although GHP and the General Partners expect that investments will be either disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

*The Funds may invest in private investments in public entities, or “PIPEs.”*

PIPEs present certain risks in addition to the risks that would otherwise be associated with an investment in the underlying public entity, including (i) limited liquidity due to legal or contractual restrictions on resales of PIPEs; (ii) lack of a public market for PIPEs; (iii) dependence on an exit strategy, such as the sale of a business, the successful completion of which cannot be assured, to fully realize the anticipated value of the investment; and (iv) dependence on managerial assistance provided by other investors and the willingness of other investors or third parties to provide additional financial support to the underlying public entity.

#### *Portfolio Company Management Risks*

Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the Funds will be responsible for monitoring the performance of each investment and intend to invest in companies operated by strong management, there can be no assurance that the existing management teams, or any successors, will be able to operate the portfolio companies in accordance with the portfolio company's plans. Ultimately the profitability of the Funds will depend on the ability of GHP and the General Partners to influence management for such portfolio companies, and the ability of that management to carry out the portfolio companies' plans.

#### *Material Non-Public Information*

By reason of their responsibilities in connection with their other activities, related parties of the General Partners may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

#### *Reserves*

In managing the Funds, the General Partners will establish reserves for follow-on investments in portfolio companies, operating expenses (including reimbursements payable to the General Partners or related parties), Fund liabilities and other matters. Estimating the amount necessary for such reserves is difficult, particularly because follow-on investment opportunities are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could have a material adverse effect on the investment returns to the investors in the Funds. For example, if reserves are inadequate, a Fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms. If reserves are excessive, a Fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

#### *Valuation*

The Funds' investments in securities of private companies are valued at fair value as determined in good faith by GHP and the Funds' General Partners. In determining the fair value of an investment, GHP and the General Partners consider factors such as valuations of comparable public companies, earnings forecasts, recent transactions in the same or similar securities and other indications of fair value that are available. While GHP and the General Partners believe its valuation methods are appropriate and consistent with those used by other market participants,

the use of different methodologies or assumptions to determine the fair value of these investments could result in a different estimate. Because of the uncertainty of valuation, the estimated fair value of the Funds' investments may differ significantly from the amounts that could be realized from sales or dispositions, and the differences could be material. The exercise in discretion in valuing the Funds' investments may give rise to a potential conflict of interest, as valuations affect each Fund's performance record, which could ultimately be relied upon by investors when deciding to invest in future funds advised by GHP and its affiliates.

Freely tradable, publicly listed securities are carried at fair market value based on the official closing price on the primary exchange for such securities. Discounts to publicly quoted prices are applied when restrictions exist on the Funds' securities.

### *Certain Risks for Investors*

Forfeiture of an investor's interest may occur upon failure to make any installment payment of its capital commitment to a Fund. If a Fund should become insolvent, the investors in that Fund may be required to return with interest any distributions representing a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits. Investors will have no right or power to take part in the management of any Fund, its assets, or its portfolio investments. All aspects of the Funds' management are entrusted to GHP and the General Partners. The capital contributions of the General Partners will represent only a small portion of the Funds' capital. Investors in the Funds will invest greater amounts and receive a proportionately smaller interest in the profits of the Funds than the General Partners.

Investors admitted at a closing of a Fund subsequent to the initial closing will participate in existing investments of that Fund, diluting the interest of existing investors therein. Although such new investors will contribute their pro rata share of (a) previously-made capital draws plus interest thereon and (b) a pro rata portion of the Fund's operating expenses plus interest thereon, there can be no assurance that this payment will reflect the fair value of the Fund's existing investments at the time such additional investors are admitted.

### *Diverse Investor Base*

The investors in the Funds or any parallel investment vehicle may have conflicting investment, tax and other interests with respect to investments. These conflicting interests may relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. In selecting and structuring investments appropriate for the Funds, GHP and the General Partners will consider the investment and tax objectives of the Funds and any parallel investment vehicles and their respective partners as a whole, not the investment, tax or other objectives of any particular investor or investment vehicle individually.

### *Tax Laws and Foreign Investor Considerations*

There can be no assurance that any particular structure chosen for a Fund will be tax-efficient for any particular investor or that any particular tax result will be achieved. Furthermore, in general, tax laws, rules and procedures are extremely complex and are subject to change, which in some cases may have retroactive effect. Under certain circumstances, investors in a Fund could be required to recognize taxable income in a taxable year, even if the Fund has not made distributions in an amount to cover taxes that might result from such taxable income.

### *Significant Default Penalties*

The Governing Documents contain significant penalties in the event an investor defaults with respect to any required capital contribution or other payment obligations. In addition to losing its right to potential distributions from the Fund, a defaulting investor may be subject to a variety of adverse consequences including forfeiture of a portion or all of its interest in the Fund or the forced transfer of its interest in the Fund for an amount that is less than the fair market value of such interest.

### *Freedom of Information Disclosures*

Under “freedom of information”, “sunshine”, “public records” and similar laws, certain governmental or other regulated entities such as state universities and pension funds may be required to publicly disclose confidential information regarding a Fund or its portfolio companies, notwithstanding contractual obligations (such as those contained in the Governing Documents) to the contrary. Any such disclosure could have a material adverse effect upon that Fund or its portfolio companies, and it could even expose the Fund, the General Partner or the employees of GHP to claims for damages brought by portfolio companies or other persons related thereto. Nevertheless, the Governing Documents will not prohibit such entities from being admitted to the Funds.

### *Cyber Security Breaches and Identity Theft*

Information and technology systems of GHP, the General Partners and each Fund's portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, GHP, the General Partners, a Fund and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in GHP's, the General Partners', the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm GHP's, the General Partners', the Funds' or a portfolio company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

### *Breaches of Confidentiality*

Although investors in the Funds will be subject to confidentiality provisions, confidential information of the Funds, their portfolio companies and other investors may be inadvertently or intentionally disclosed, causing harm to such persons.

## **Item 9 – Disciplinary Information**

We have no disclosures applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

GHP and the General Partners of the Funds are affiliates and share common owners, officers, partners and employees. Each General Partner is covered under GHP's registration with the Securities and Exchange Commission ("SEC"), in accordance with SEC guidance. GHP generally enters into management agreements with the General Partners of the Funds to provide investment advisory services.

From time to time, certain GHP Funds may hold or acquire positions in portfolio companies in which other GHP Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which a GHP Fund and one or more other GHP Funds have invested may not necessarily be pro rata based on existing ownership in such companies. The GHP Funds may have divergent interests with respect to exit strategies from such investments, restructuring the capital structure or business of such companies or other matters affecting the investment in such companies. To the extent that multiple GHP Funds hold an interest in the same company, disposition opportunities with respect to that investment shall be liquidated at the same time and on the same economic terms, unless otherwise required by law or regulation or the terms of the Funds' Governing Documents or otherwise permitted by the Funds' Advisory Committee.

Please see Item 7 for a discussion of affiliated AIVs and Item 11 for a discussion regarding conflicts of interest between GHP and affiliates.

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

### **Code of Ethics and Personal Trading**

GHP has adopted a Code of Ethics for all employees of the firm describing GHP's expectations for its standard of business conduct and fiduciary duty to the Funds. The Code of Ethics includes provisions relating to the confidentiality of Fund information, a prohibition on insider trading, and personal securities trading procedures, among other things. GHP's Code of Ethics requires all employees to obtain pre-approval for investments in private placements and initial public offerings. The Funds' Governing Documents also contain further restrictions on certain investments and outside transactions by employees of GHP. GHP's employees must certify at least annually their receipt, understanding and compliance with GHP's Code of Ethics.

A copy of GHP's Code of Ethics will be provided to any client or prospective client upon request.

### **Participation or Interest in Client Transactions**

One of the Funds established is a co-investment fund for employees and related parties of GHP (the "Employee Co-Investment Fund"), which invests in completed transactions side-by-side with the other Funds. The Employee Co-Investment Fund bears its proportionate share of costs directly associated with completing an investment however it does not bear costs associated with deals that are not completed (i.e., broken deal expenses). It also does not pay a management fee or Carried Interest. It generally invests at the same time and on the same terms, and exits from an investment at the same time and on the same terms, as the other Funds advised by GHP and the General Partners. Certain employees and related parties of GHP may also invest in the Funds either through the Funds' General Partners, as limited partners or otherwise. These



employees or related parties share in the profits and losses generated by those investments. Please see each Fund's Governing Documents for more information.

GHP generally does not execute cross transactions between Funds (a "cross-fund transaction"); however, a cross-fund transaction could happen in the future. In the event that GHP does execute a cross-fund transaction between Funds, GHP shall seek to ensure that such transaction and any related disclosures are made consistent with the Governing Documents and applicable laws (including obtaining any requisite approvals thereunder) and GHP's policies and procedures. GHP nor any of its affiliates will receive compensation relating to executing the cross-fund transaction.

GHP does not as a general practice recommend that the Funds invest in other Funds or companies in which GHP or its affiliates have a material ownership interest.

### **Conflicts Of Interest**

Certain operating relationships among GHP's affiliates and Funds have the potential for creating conflicts of interest. In situations where actual or potential conflicts of interest between GHP, its affiliates and the Funds are identified, procedures to mitigate or resolve these conflicts are contained in the Funds' Governing Documents (including submitting the proposed transaction to the appropriate Fund's advisory committee for review and resolution, if necessary). The specific procedures for each Fund GHP advises are set forth in the Governing Documents of the Fund.

The following factors may alleviate, but will not eliminate, conflicts of interest between and among Funds:

- A Fund will not make any investment unless GHP and the Fund's General Partner believe that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions or other provisions contained in the relevant Governing Documents for the Funds; and
- With respect to the Funds, the advisory committee for a Fund, whose members are not affiliated with the General Partner of such Fund, may be asked to play an important role in resolving conflicts of interest by approving or disapproving decisions that involve certain conflicts of interest referred to it by a Fund's General Partner in accordance with the relevant Governing Documents for the Fund.

In connection with its investment activities, GHP may encounter situations in which it must determine how to allocate investment opportunities among various Funds and other persons, which may include, but are not limited to, the following:

- The Funds;
- Any parallel investment entities that have been formed to invest side-by-side with one or more Funds;

- Any alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any co-investment entities that have been formed to invest side-by-side with one or more Funds. The investors in such co-investment entities may include individuals and entities that are also investors in one or more Funds (collectively, “Investors”) and/or individuals and entities that are not investors in any Funds (collectively, “Third Parties”); and
- Investors and/or Third Parties that wish to make direct co-investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds.

In addition, the amount of Carried Interest received by the General Partners may differ from time to time and Fund to Fund (including due to the past performance of a particular Fund), which may create an incentive for GHP and/or the General Partners to favor one Fund over another Fund. GHP believes this risk is mitigated due to the fact that the Governing Documents restrict when GHP and its affiliates may establish successor Funds. As a result, during most times, only one Fund is actively seeking investment opportunities in new portfolio companies.

In instances where an investment may be deemed appropriate for two or more Funds (or for their respective alternative investment vehicles), the allocation of the investment is guided by the Funds’ Governing Documents. Generally, an investment will be allocated based on each Fund’s capital commitments; however, actual allocations may be reduced or eliminated in the General Partners’ discretion based on various factors. Such factors include, but are not limited to, a Fund not having sufficient investable funds to make the full amount of a pro rata investment, a Fund’s level of concentration in a particular sector or geography, size of investment, or the Fund is precluded, or limited, by the Governing Documents, applicable law or regulation, or other circumstances, such as the need to maintain adequate reserves for follow-on investments, projected expenses or other liabilities and commitments.

With respect to co-investment opportunities by Investors and Third Parties, (i) no Investor has a right to participate in any co-investment opportunity, (ii) co-investment opportunities may, and typically will, be offered to some and not other GHP Investors, (iii) certain co-investment opportunities may be offered to Third Parties rather than to Investors, and (iv) all decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of GHP and/or the General Partners. GHP considers various factors when making discretionary co-investment allocation decisions, including but not limited to:

- the financial capabilities of a co-investor;
- the strategic value of a co-investor;
- the co-investor’s ability to quickly conduct diligence and make a commitment ;
- our past experiences with the co-investor;
- any restrictions or requirements in the applicable Fund’s governing and related documents;
- any other relevant factors as reasonably determined by GHP

GHP expects that these factors will naturally lead us to favor some Investors and Third Parties over others with respect to the frequency with which GHP offers them co-investment

opportunities.

Co-investments by Investors or Third Parties generally invest at the same time and on the same terms, and exit investments at the same time and on the same terms, as the Funds, unless prohibited by law. In some cases, a co-invest vehicle or co-investor may purchase a portion of an investment from the Fund. This purchase generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Co-investment opportunities are also subject to restrictions contained in the Funds' Governing Documents, side letters, or other terms negotiated with respect to the applicable Funds.

Co-investors will generally pay their pro rata share of all transaction expenses at consummation and exit, including their share of expenses relating to investment vehicles created to facilitate an investment. Co-investors will also bear expenses associated with any additional reporting requirements on their behalf. In certain cases potential co-investors will not bear the broken-deal expenses that a main Fund incurs in pursuit of an investment. These cases are typically syndicated co-investments where a Fund is actively seeking to make an investment and the investment is not consummated prior to the time that co-investors have committed to make an investment along-side the Fund. In these cases the entire broken-deal expenses will be borne by the applicable main Fund and no broken-deal expenses will be allocated to any potential co-investors. GHP has an Employee Co-Investment Fund that is entitled to invest up to 2% in each investment in each Fund. The Employee Co-Investment Fund must invest in the same securities on the same economic terms and exit at the same time and on the same economic terms as the related Fund. The Employee Co-Investment Fund bears its pro rata share of expenses for completed transactions that it participates in, but not does not bear broken-deal expenses.

From time to time, GHP may come into possession of material, non-public information. In such cases, the Funds could be restricted indefinitely from any transactions involving a particular company. Consequently, the possession of material, non-public information by GHP may limit the ability of a Fund to buy and sell investments. In addition, GHP may be restricted by contract from using confidential information that it has for the benefit of a Fund.

It is expected that most or all of the employees responsible for advising a Fund will have responsibilities with respect to other Funds advised by GHP including funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these employees.

The Funds may have tax-exempt, taxable, foreign and other investors, whereas most members of GHP and the General Partners are taxable at individual U.S. rates. Potential conflicts exist with respect to various structuring, investment and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and the members of GHP and the General Partners. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations.

## **Item 12 – Brokerage Practices**

The investments made by the Funds are generally in securities of private companies and do not require the use of a broker-dealer. During the last five years, only on one occasion has GHP been required to select a broker-dealer in order to sell its holdings in a publicly traded security. In instances where GHP may be required to use a broker-dealer in the future, GHP will select a

broker-dealer who will provide the best execution for the transaction. Generally speaking, best execution means the broker's ability to obtain the best qualitative and quantitative execution reasonably available under the circumstances.

GHP attempts to achieve these results by choosing broker-dealers to execute transactions based on a range of considerations, including:

- The price and size of the order
- The trading characteristics of the securities involved
- The broker's execution capabilities
- Commission rates
- Financial responsibility
- Responsiveness

In choosing a broker-dealer, GHP may not always pay the lowest commission rate. Transactions that involve specialized services or knowledge on part of the broker-dealer may entail GHP paying a higher commission for these transactions.

GHP does not take the availability of soft dollars into consideration as it is GHP's policy not to accept research or services in exchange for soft dollars.

### **Item 13 – Review of Accounts**

GHP regularly monitors portfolio investments on behalf of the Funds. Investments are also reviewed in the context of each Fund's stated investment objectives, guidelines and restrictions as set forth in the Governing Documents of such Fund. GHP's Chief Financial Officer reviews the investment portfolios of the Funds for consistency with such objectives, guidelines and restrictions as needed in connection with the investment activities of the Fund.

GHP distributes quarterly and annually information to the investors in each Fund. Quarterly, investors receive unaudited financial statements, General Partner letter, portfolio company overviews, and capital reports. In addition to the information provided quarterly, annually investors receive audited financial statements and tax information necessary for the completion of tax returns.

In addition to the information provided to all investors, GHP may provide certain investors with additional information or more frequent reports that other investors will not receive.

### **Item 14 – Client Referrals and Other Compensation**

Please see "*Other Fees*" section of Item 5 above regarding any economic benefits that may be received by GHP and its affiliates from non-clients.

From time to time, GHP and its affiliates may enter into agreements with an unaffiliated placement agent or another person or entity in connection with the offering and sale of interests in the Funds to potential investors. Any fees payable pursuant to such arrangements will either be offset against the Fund's management fee or borne directly by GHP and/or the General Partner. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party.

## **Item 15 – Custody**

GHP will generally be deemed to have custody of the assets of the Funds as a result of its and the General Partners' authority over the Funds.

When GHP is deemed to have custody, it is GHP's policy to cause each Fund to be audited annually by an independent accountant registered with the Public Company Accounting Oversight Board ("PCAOB"), in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940. GHP will distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of a Fund, GHP will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all investors in the Fund promptly after completion of the audit.

## **Item 16 – Investment Discretion**

Subject to the direction and control of the affiliated General Partners of the Funds and the investment objectives, guidelines and restrictions of each Fund as set forth in the Governing Documents, GHP has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Fund.

## **Item 17 – Voting Client Securities**

GHP funds are not able to direct the vote of their General Partner. To the extent matters arise that call for the vote or consent of the investors in a portfolio company of a Fund for whom the General Partner has discretionary authority, the respective General Partner exercises the voting rights on behalf of the Fund in question. It is GHP's policy to vote all proxies in a manner that best serves the interests of the applicable Fund. An investor in one or more of the Funds may obtain a copy of GHP's Proxy Voting Policy by contacting Laurie Gerber at [lgerber@greathillpartners.com](mailto:lgerber@greathillpartners.com) or (617) 790-9430.

## **Item 18 – Financial Information**

GHP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Funds and GHP has not been the subject of a bankruptcy proceeding.

## **Item 19 – Required for State-Registered Advisers**

Not Applicable.