

**Item 1 – Cover Page**

**Great Hill Partners, LLC**

One Liberty Square

Boston, MA 02109

T: 617.790.9400

F: 617.790.9401

[greathillpartners.com](http://greathillpartners.com)

March 25, 2013

This Brochure provides information about the qualifications and business practices of Great Hill Partners, LLC (“Great Hill”, “GHP”, “us”, “we” or “our”). 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.

We are 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 Great Hill Partners, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## **Item 2 – Material Changes**

No material changes have been made to this brochure since the most recent filing on the SEC's public disclosure website on April 17, 2012.

Currently, our Brochure may be requested by contacting Laurie Gerber, our 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).

*Additional information about our Firm is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**Item 3 – Table of Contents**

<b>ITEM 4 – ADVISORY BUSINESS .....</b>	<b>4</b>
<b>ITEM 5 – FEES AND COMPENSATION.....</b>	<b>5</b>
<b>ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>6</b>
<b>ITEM 7 – TYPES OF CLIENTS .....</b>	<b>6</b>
<b>ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>7</b>
<b>ITEM 9 – DISCIPLINARY INFORMATION.....</b>	<b>16</b>
<b>ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>16</b>
<b>ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....</b>	<b>16</b>
<b>ITEM 12 – BROKERAGE PRACTICES .....</b>	<b>19</b>
<b>ITEM 13 – REVIEW OF ACCOUNTS.....</b>	<b>19</b>
<b>ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>20</b>
<b>ITEM 15 – CUSTODY .....</b>	<b>20</b>
<b>ITEM 16 – INVESTMENT DISCRETION .....</b>	<b>20</b>
<b>ITEM 17 – VOTING CLIENT SECURITIES .....</b>	<b>20</b>
<b>ITEM 18 – FINANCIAL INFORMATION.....</b>	<b>21</b>
<b>ITEM 19 – REQUIRED FOR STATE-REGISTERED ADVISERS.....</b>	<b>21</b>

#### ***Item 4 – Advisory Business***

Great Hill Partners, LLC, a Massachusetts limited liability company (“Great Hill”, “GHP”, “us”, “we” or “our”), is based in Boston, Massachusetts, and has been in business since 1999. Our principal owners are John Hayes, Christopher Gaffney and Matthew Vettel. Great Hill’s officers are John Hayes, Christopher Gaffney, Matthew Vettel, Michael Kumin and Mark Taber.

Great Hill provides investment advisory services to six private pooled investment vehicles organized as limited partnerships or other entities (the “Funds” or the “Clients”). The Funds are closed-ended and generally have a term of 10 years. The Funds were formed between 1999 and 2008. The Funds were marketed primarily to institutional investors and high net worth individuals. These investors purchase interests in our client Funds, and investments are made at the Fund level, not for individual investors in the Fund. Our only advisory clients are the Funds. As the investment adviser of the Funds, GHP, along with each Fund’s general partner or other manager (the “General Partners”), identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of each Fund. Four of the Funds are no longer making new investments (but can under certain circumstances make follow-on investments in existing portfolio companies).

The primary focus of GHP’s investment advisory services is researching and advising on privately negotiated transactions in operating entities. Investments are predominantly in non-public companies, although investments in public companies are permitted. From time to time, the senior principals or other personnel of the General Partners 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 advisory services for each of the Funds are further described in the Funds’ respective offering memorandum, limited partnership agreement or operating agreement, and management or advisory agreement (the “Documents”). We do not vary our investment advice from the terms of the Documents. Additionally, these Documents also detail the various investment restrictions that govern the types of investments the Funds may and may not make and remuneration Great Hill and the General Partners will receive for managing the Funds.

In accordance with common industry practice, one or more of the General Partners may enter into “side letters” or similar arrangements with certain investors pursuant to which the General Partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally. These arrangements typically clarify any regulatory, informational, and interpretational issues with the Documents, and do not include changes in the financial terms.

As of December 31, 2012, we managed \$1,575.7 million of assets for six Funds on a discretionary basis. We do not manage assets on a non-discretionary basis.

#### ***Item 5 – Fees and Compensation***

As compensation for investment advisory services rendered to the Funds, GHP or a related person receives from each Fund an annual management fee, the amount of which varies depending on the Fund. The amount of the management fee for each Fund is determined at the time that the Fund is formed, and is generally not changed thereafter. The management fee is payable monthly. As described below, the management fee may be reduced or waived in some circumstances to offset the receipt by GHP or its related persons of various fees paid by portfolio companies, or in connection with investments in the Funds made by the General Partners or other related persons.

In general, the management fees for each Fund range from 0.00% to 2.25% annually of the total capital committed to the Fund by investors, although one of our Funds is not contractually obligated to pay us a management fee. Due to the age of three other Funds, they are no longer paying management fees. For most Funds, the management fee percentage will reduce after the end of the Fund's investment period. When a Fund is terminated or the formula for calculating the management fees payable by a Fund is adjusted, the management fees will be prorated for the relevant period. Management fees are billed to each Fund and paid by the Fund from the Fund's assets. To obtain cash for the payment of management fees, the General Partner of the Fund may draw down investors' capital commitments.

The Funds generally invest on a long-term basis. Accordingly, management and other fees are expected to be paid, except as otherwise described in each Fund's Documents, over the terms of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

To the extent provided in the Documents, certain operating expenses will be paid out of management fees, including expenses on account of rent, utilities, office supplies, office equipment, travel, entertainment, compensation of its employees (other than carried interest described in Item 6 below) and other routine administrative expenses relating to the services and facilities provided by Great Hill or a related party to the Funds. All but one of our Funds will bear certain other expenses relating to it, to the extent not borne by its portfolio companies (other than expenses resulting from the fraud, gross negligence or willful misconduct of its General Partner), such as legal, investment banking, consulting, research, brokerage, finders', transfer, registration, advisory committee, interest, taxes and extraordinary expenses, and other similar fees and expenses. Some of these expenses borne by the Funds may relate to costs associated with unexecuted transactions.

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

The Documents for all but one of the Funds provide that, after the investors have received distributions of their contributed capital, the net profits realized by the Fund are shared between the General Partner and the investors in the Fund in specified sharing ratios. The General Partner's portion of such net profits is referred to as the General Partner's "Carried Interest".

Each of our Funds maintains for each investor in the Fund a capital account that is adjusted to reflect any allocations of net gain or loss.

The General Partners of the Funds are all affiliates of Great Hill, and our affiliates and employees may be members or partners of the General Partners that may receive these performance distributions from the Funds.

Performance-based allocation arrangements received by related persons of GHP 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.

#### ***Item 7 – Types of Clients***

GHP currently provides investment advisory services to 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 and the 1940 Act. Investors in Funds include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, sovereign wealth funds, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other business entities. Depending on the Fund, generally investors must invest a minimum dollar amount of \$10,000,000. The General Partner of each Fund may waive the minimum investment amount at its sole discretion.

We require that each investor in a Fund be an "accredited investor" as defined in Regulation D under the Securities Act of 1933 or a "qualified purchaser", within the meaning of 2(a) (51) of the Investment Company Act of 1940, as amended. We also require that each investor that is a U.S. resident in a Fund that pays us a performance based fee be a "qualified client" within the meaning of Rule 205-3 of the Investment Advisers Act of 1940, as amended.

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

Our Funds typically invest in equity and equity-related securities of private operating companies in negotiated transactions. Our Clients make both control and non-control investments, and in both cases require ownership from company management. For each Fund, we make investment recommendations in accordance with the investment strategies described in the Fund's Documents.

Prior to making an investment, GHP carries out an extensive fundamental analysis of a target investment's position and prospects. A vital element of this analysis is the development of an operating plan that, if the investment is consummated, will form the basis for the portfolio company's operating targets. The dimensions of such due diligence analysis generally include the following:

#### *Market Definition and Segmentation.*

Market definition delineates the boundaries where competitive advantage can be established and sustained. Market definition is based on the economics of the business, sharing with other businesses, and the dynamics of customer behavior. Within a defined market, market segments present potential vulnerabilities as well as opportunities.

#### *Competitive Position.*

Often the key to strategic due diligence is a thorough analysis of each competitor's relative cost position, market and segment shares, technology, management, financial capability, and implicit future strategy. This includes a review of the distinctive capabilities of the target company, which can set it apart from other participants in its industry. These capabilities may include brand franchise, distribution strength, shelf space, and technology.

#### *Management.*

GHP evaluates members of the management team, works to ensure that economic incentives post-closing are aligned with the business plan, and takes whatever steps to support the management team. If required, GHP professionals will temporarily fill operating positions while a high quality manager is being recruited.

#### *Regulatory, Environmental, Tax, Legal, Accounting.*

GHP, and an experienced team of outside professionals, perform a full review of potential regulatory, environmental, tax, legal, and accounting contingencies, as needed, prior to making an investment.

### *Exit Analysis.*

Before making an investment, GHP fully explores the alternative options for future liquidity. Businesses with limited liquidity alternatives are discounted more heavily.

### **Risks**

The investment strategies described above, and other strategies that may be pursued 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. Material risks relating to the investment strategies and methods of analysis described above are described in more detail in the applicable Fund's Documents and include the following:

#### 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.



Great Hill's task of identifying investment opportunities, managing such investments and realizing a significant return for the Funds is difficult. 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, the General Partners may rely upon their own or 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 Documents and by U.S. federal and state, as well as foreign, securities laws. The Fund interests are highly illiquid and have no public market. 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.

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 issue 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 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 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 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 Documents, unless such loss or damage is the result of gross negligence or willful misconduct. 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 Documents that limit the liability of the General Partners. The 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 or willful misconduct.

## DEPENDENCE ON GENERAL PARTNERS AND GREAT HILL

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 the General Partners and Great Hill. 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 Great Hill may have limited experience working together to manage investment funds such as the Funds. Notwithstanding any prior experience that members of the General Partners or Great Hill 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 the General Partners and Great Hill will be able to duplicate prior levels of success.

The Funds and the companies in which the Funds invest may utilize the services of Great Hill, for which they will pay customary fees and expenses. Great Hill may offer incentive fees to its employees, including retail brokers, investment bankers and research analysts, to refer leads which result in investments in portfolio companies for the Funds.

The existence of the General Partners' 20% carried interest may create an incentive for the General Partners to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement.

## 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 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.

## PRIVATE INVESTMENTS IN PUBLIC ENTITIES

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 Funds' plans. Ultimately the profitability of the Funds will depend on the ability of the General Partners to select and retain good management for such portfolio companies, and the ability of that management to carry out the 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 associated with a "pay-to-play" or similar investment round. 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.

## POTENTIAL CONFLICTS OF INTEREST

There are potential conflicts of interest in the Funds' structure and operation, particularly with respect to activities of Great Hill personnel outside of their activities on behalf of the Funds (including with respect to their activities on behalf

of future funds) and receipt by management of compensation from portfolio companies with respect to certain services provided by Great Hill personnel. Furthermore, Great Hill personnel do now, and are permitted to in the future, organize, offer interests in and provide services to, as well as invest in, other funds that may or may not be in the same investment field as the Funds, which activities may conflict with their duty to or interests in the Funds. The Funds have no interest in these activities. As a result of the foregoing, the General Partners and the employees of Great Hill may be engaged in substantial activities other than on behalf of the Funds, may have differing economic interests in respect of such activities, and may have conflicts of interest in allocating their time and activity between the Funds and other funds or undertakings.

#### 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 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.

In accordance with common industry practice, the General Partners may enter into one or more "side letters" or similar agreements with certain investors in the Funds pursuant to which the General Partners grant to such investors specific rights, benefits or privileges that are not made available to investors generally. 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.

#### 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, 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 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 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 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 Great Hill to claims for damages brought by portfolio companies or other persons related thereto. Nevertheless, the Documents will not prohibit such entities from being admitted to the Funds.

## 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***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no disclosures applicable to this Item.

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

We are a registered investment adviser with the United States Securities and Exchange Commission. We act as investment adviser to the Funds, and the General Partners of the Funds are our affiliates.

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

We have adopted a Code of Ethics for all employees of the firm describing our high standard of business conduct, and fiduciary duty to our 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. Our employees must certify at least annually their receipt, understanding and compliance with our Code of Ethics.

We do not as a general practice recommend that our Funds invest in other Funds or companies in which we or our affiliates have a material ownership interest. Certain of our Funds were formed specifically to invest alongside certain of our other Funds on a regular basis. Generally, these Funds invest at the same time and at the same terms, and exit from the investment at the same time and at the same terms.

Certain employees of Great Hill may invest in Funds either through their General Partners, as limited partners or otherwise. We or our related parties share in the profits and losses generated by those investments. A Fund may in its discretion not charge, or reduce all or a portion of the management fee and performance allocation related to investments held by such persons.

This and other operating relationships among our affiliates and Funds have the potential for creating conflicts of interest. In situations where actual or potential conflicts of interest between us and our affiliates and the Funds are identified, procedures contained in the Documents of the affected Funds generally provide for submission of the proposed transaction to an investor committee for review and resolution. The specific procedures for each Fund we advise are set forth in the 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 Great Hill 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 Documents for the Funds; and
- With respect to the Funds, the advisory committees for a Fund, whose members are not affiliated with the General Partner of such Fund, play an important role in resolving conflicts of interest by approving or disapproving decisions that involve certain conflicts of interest referred to it by such Fund's General Partner in accordance with the relevant Documents for the Fund.

In connection with its investment activities, Great Hill 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 investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds.

For each such Fund or other person discussed above, subject to applicable legal, contractual or similar restrictions, Great Hill generally may decide, in its sole discretion, whether Great Hill or a related person may seek to charge any fees or to receive any performance-based compensation or allocations in connection with such investment opportunities.

Subject to any restrictions contained in the Documents of the relevant Fund or any side-letter or other terms negotiated with respect to such Fund, in general, (i) no Investor has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of GHP, (iii) co-investment opportunities may, and typically will, be offered to some and not other GHP Investors, in the sole discretion of GHP, and (iv)

certain persons other than Great Hill Investors, LLC (e.g., Third Parties) may be offered co-investment opportunities, in the sole discretion of GHP.

From time to time, GHP may come into possession of material, nonpublic information. In such cases, Funds could be restricted indefinitely in transactions involving a particular issuer. Consequently, the possession of material, non-public information by Great Hill may limit the ability of a Fund to buy and sell investments. In addition, Great Hill 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 Great Hill including funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these employees.

Generally, Great Hill does not effect cross transactions between Funds (a “cross-fund transaction”); however, they may be effected in rare instances. In the event that Great Hill does effect cross-fund transactions between Funds, Great Hill shall seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements (including obtaining any requisite approvals thereunder) and Great Hill’s policies and procedures. Neither Great Hill nor any of its affiliates may receive any compensation for effecting a cross-fund transaction.

The General Partners of the Funds are entitled to Carried Interest under the terms of the Documents of such Funds. Such General Partners are affiliates of Great Hill. The existence of the General Partners’ Carried Interest may create an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of Carried Interest.

The Funds may have tax-exempt, taxable, foreign and other investors, whereas most members of 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 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.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with our ability to make decisions and complete transactions in the best interest of our Funds.

Our Code of Ethics requires all employees to obtain pre-approval for private placements and IPOs, and prohibits insider trading.

A copy of our Code of Ethics will be provided upon request to any investor in one of our Funds. Such a request can be made by contacting Laurie Gerber at [lgerber@greathillpartners.com](mailto:lgerber@greathillpartners.com) or (617) 790-9430.

## ***Item 12 – Brokerage Practices***

The investments made by our Funds generally do not require the use of a broker-dealer. On certain occasions, however, an investment by a Fund or disposition of securities held by a Fund will require that we select a broker-dealer to execute a transaction. In that case, we will use a broker-dealer whom we have determined 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 in the circumstances.

We attempt 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

We do not take the availability of soft dollars into consideration as it is our policy not to accept research or services in exchange for soft dollars.

## ***Item 13 – Review of Accounts***

Great Hill closely monitors the investment portfolios of the Funds. Great Hill professionals continually review and analyze existing investments to attempt to identify issues early on and to take action when necessary. Great Hill professionals meet periodically to update each other on such investments and related matters.

Great Hill generally does not provide formal written reports to any Fund unless specifically requested by the General Partner of the Fund.

We provide the following reports to investors in each of our Funds:

On an annual basis:

- Audited financial statements
- Tax information necessary for the completion of tax returns
- Capital account summary
- Portfolio company overviews

On a quarterly basis:

- Unaudited financial statements
- Capital account summary
- Portfolio company overviews

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

We do not receive any economic benefit from any person that is not a client for providing advisory and management services to our Funds.

#### ***Item 15 – Custody***

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

It is GHP's policy to cause each Fund with assets over which GHP is deemed to have "custody" to be audited annually by a PCAOB registered independent accounting firm in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940 and 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 any such Fund, GHP will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

#### ***Item 16 – Investment Discretion***

GHP provides investment advisory services to each of the Funds pursuant to the Documents of the Fund. Investment advice is provided by GHP directly to the Funds, subject to the direction and control of the affiliated General Partner of such Fund. Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Fund, and are set forth in the Documents received by each investor prior to investment in such Fund.

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

To the extent matters arise that call for the vote or consent of the investors in a portfolio company of a Fund for whom we have discretionary authority; we exercise the voting rights on behalf of the Fund in question. It is our policy to vote all proxies in a manner that best serves the interests of the applicable Fund. An investor in one or more of our Funds may obtain a copy of our Proxy Policy by contacting Laurie Gerber at [lgerber@greathillpartners.com](mailto:lgerber@greathillpartners.com) or (617) 790-9430.

***Item 18 – Financial Information***

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our Funds and we have not been the subject of a bankruptcy proceeding.

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

We have no state registrations