

**Item 1. Cover Page**

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Part 2A of Form ADV: Firm Brochure  
Amended & Restated as of March 27, 2015

**This brochure provides information about the qualifications and business practices of Hellman & Friedman LLC. If you have any questions about the contents of this brochure, please contact us at (415) 788-5111 or [compliance@hf.com](mailto:compliance@hf.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Hellman & Friedman LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

The following are material changes in the Form ADV since the last filing thereof:

- Updates to reflect terms applicable to a newly raised fund, including fees, expenses, investment strategies, and risks; and
- Certain disclosures relating to conflicts of interest were added.

### Item 3. Table of Contents

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#### **Item 4. Advisory Business**

Hellman & Friedman LLC, a Delaware limited liability company, establishes and, together with its affiliates, provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (the “Funds”). Such affiliates include the general partners of the Funds and are under common control with Hellman & Friedman LLC. Certain of these affiliates are formed for tax, regulatory or other purposes in connection with the organization of the Funds. Hellman & Friedman LLC, together (where the context permits) with such affiliates that provide advisory services to the Funds, are referred to in this brochure as “H&F.”

H&F was formed in 1984 and raised its first institutionally-sponsored private equity partnership in 1987. H&F is headquartered in San Francisco, with additional offices in New York and London. H&F is owned by its members, none of whom are principal owners.

H&F’s goal is to be a premier private equity investment firm focused on making large-scale equity-related investments. H&F focuses on making large-scale, equity-related investments primarily in the United States and Europe as well as other developed countries. H&F seeks to invest in businesses with strong, defensible franchises and predictable revenue and earnings growth and which generate high levels of free cash flow or attractive returns on the capital reinvested in the business. The Funds generally invest in privately held companies, but may also make investments in publicly traded securities. In applying its investment philosophy, H&F has become an active private equity investor in a broad range of industries, including software; internet and digital, media; financial services; business, marketing & information services; insurance; healthcare; energy & industrials; and retail & consumer. H&F continually works to identify new industries and companies that meet its investment criteria. Although the primary focus of each Fund is on private equity investments, H&F also may from time to time recommend other types of investments consistent with the respective Fund’s investment strategy and objectives.

H&F’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. H&F serves as the investment adviser, sub-adviser, general partner and/or ultimate general partner to the Funds in order to provide such services.

H&F provides investment advisory services to each Fund in accordance with investment, advisory or sub-advisory agreements (each, a “Management Agreement”), the limited partnership agreement (or analogous organizational document) of such Fund (each, an “Organization Document”) and/or side letters with limited partners of the Funds (“Limited Partners”) (“Side Letters,” and together with the Management Agreements and the Organizational Documents, the “Governing Documents”). Investment advice is provided directly to the Funds and not individually to the Limited Partners. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

As of December 31, 2014, H&F managed a total of \$25,082,600,000 of client assets, all of which is managed on a discretionary basis.

## **Item 5. Fees and Compensation**

H&F generally charges Funds a management fee, which is based initially on total Limited Partner commitments to the applicable Fund. Following the earlier of the first fiscal quarter after the commencement of operations of a successor fund or termination of the commitment period for a Fund (i.e., the sixth anniversary of the commencement of operations of such Fund unless earlier terminated), the management fee is reduced to a lower percentage based on the cost of investments held by such Fund. Certain Funds, including funds that are comprised primarily of current and former employees and/or friends of H&F (“Associates Funds”) and co-invest vehicles, are not required to pay management fees.

In addition, H&F and its affiliates perform, from time to time, management, advisory, transaction-related, financial advisory, consulting, monitoring, operational support and other services (“Related Services”) for portfolio companies. If H&F or its affiliates charge fees for Related Services to portfolio companies, for example as part of a consortium, (“Transaction Fees”), H&F will receive its proportionate share of such Transaction Fees. These Transaction Fees may be substantial and may be paid in cash, in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. In addition, in the case of a consortium, agreements are typically in place with portfolio companies that provide that at the sale of such portfolio company Transaction Fees are accelerated and the present discounted value of such fees are paid to members of the consortium, including H&F or its affiliates, at such time. In any case in which H&F receives Transaction Fees, H&F will in all circumstances reduce the amount of management fees paid by the applicable Fund in an amount equal to 100% of Transaction Fees attributable to such Fund. The manner of such reduction is set forth in the Governing Documents of the applicable Fund. As some Funds (i.e., co-invest vehicles and funds that are comprised primarily of current and former employees and/or friends of H&F) do not pay management fees, any reduction in management fees in respect of Transaction Fees will not benefit such Funds.

Consistent with the Funds’ Governing Documents, H&F incurs expenses, and a portfolio company generally will reimburse H&F for such expenses (including without limitation, certain entertainment, meals and travel expenses, which from time to time include expenses for chartered or first class travel) incurred by H&F in connection with its performance of services for such portfolio company, including services as a board member or observer of such portfolio company or operating professional. In addition, the terms of the applicable Governing Documents provide that the Funds will reimburse H&F for certain out-of-pocket costs and expenses incurred by H&F in connection with consummated or unconsummated transactions. Such reimbursements are different from Transaction Fees and thus are not subject to the management fee offset arrangements described above.

H&F and its affiliates also, from time to time, engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of H&F and who,

from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, such amounts will not be deemed paid to or received by H&F and its affiliates and such amounts will not be subject to the management fee offset arrangements described above.

From time to time, H&F (in its sole discretion), agrees that a portion of a transaction or other fee payable by an actual or prospective portfolio company or a Fund be paid to a third party ("Third Party Fee"), such as a consultant, advisor, finder, broker and/or investment bank. In such event, as the Third Party Fee is not a fee received by H&F, H&F is not required under the terms of the applicable Governing Documents to offset management fees payable by a Fund in respect to Third Party Fee.

For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

The precise amount of, and the manner and calculation of, the management fees for a Fund are set forth in the applicable Governing Documents of the applicable Fund. The fee structures may only be modified pursuant to an amendment to the Governing Documents. Fees may differ from one Fund to another.

Management fees are payable on a quarterly basis by the Funds in advance in equal installments on each fee date (January 15, April 15, June 15, September 15). Management fees are deducted from Fund assets.

To the extent that a Governing Document of a Fund providing for the payment of management fees is terminated and not otherwise replaced, management fees that have been prepaid will generally be returned on a prorated basis.

Management fees paid by a Fund will be reduced by the amount of fees incurred by H&F in connection with the organization of such Fund that exceed a limit specified in such Fund's Governing Documents. As some Funds do not pay management fees, any such reduction will not benefit such Funds.

To the extent provided in the Governing Documents of the Funds, H&F will pay out of management fees its own operating expenses incurred in connection with the management of the Funds (which, for the avoidance of doubt, exclude those expenses borne directly by the Funds as described below). Such operating expenses to be borne by H&F include, without limitation, expenses on account of salaries, wages, benefits and other expenses of H&F's partners, members and employees (which, for the avoidance of doubt, does not include carried interest described in Item 6 below), rentals payable for office space used by H&F or the Funds, bookkeeping services, equipment, unreimbursed travel and entertainment and any out-of-pocket costs and expenses incurred in connection with causing H&F to register as an investment adviser under the Investment Advisers Act of 1940 (as amended, the "Advisers Act") and the maintenance of such registration (including costs and expenses relating to the preparation and filing of Form ADV and Form PF).

Pursuant to the Governing Documents of the applicable Fund, each Fund will bear all expenses related to its operations to the extent not borne by its portfolio companies, including such Fund's allocable share of fees and expenses incurred in the course of making investments or that benefit a Fund's portfolio companies, fees and expenses for potential investments that were not completed, real property or personal property taxes on investments, taxes applicable to the Funds on account of their operations, interest on and fees and expenses arising out of borrowed money, including but not limited to the arranging thereof, fees and expenses incurred in connection with the maintenance of bank or custodian accounts, and all expenses incurred in connection with the resolution of claims or disputes involving existing or potential portfolio companies (subject to certain limitations). The Funds will also bear expenses incurred by H&F in serving as the tax matters partner, expenses of the members of the Advisory Board (including certain costs and expenses of legal counsel as provided for in the Governing Documents), fees of the independent certified public accountant incurred in connection with the annual audit of the Fund's books and the preparation of the Fund's annual tax return and Schedule K-1s, the cost of directors and officers, professional, general partner liability and other similar insurance premiums, costs and expenses associated with Limited Partner and Advisory Board meetings (including reasonable travel expenses of the general partner's (or management company's) partners, members and employees to attend such meetings) and mailings, all expenses of outside counsel, accountants, consultants, third-party administrators, custodians, brokers, agents, valuation firms and other professionals and service providers, including legal fees and expenses incurred in connection with prosecuting or defending administrative or legal proceedings relating to the Fund brought by or against the Fund or H&F or their partners or members (subject to certain limitations), any out-of-pocket expenses incurred in connection with the Fund's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation, including without limitation expenses relating to filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including without limitation Form 13F, Form 13H, Section 16 filings, Schedule 13D filings and Schedule 13G filings), reports to be filed with the U.S. Commodity Futures Trading Commission, reports, disclosures, filings and notifications prepared in accordance with the European Union Alternative Investment Fund Managers Directive and any forms, schedules, filings, information or other documents prepared with respect to the Foreign Account Tax Compliance Act, in each case relating to the Fund's activities, all costs and expenses relating to the Fund's registered office and agent, and all costs and expenses arising out of the Fund's indemnification obligations pursuant to the Organizational Documents of the applicable Fund, and all extraordinary expenses, as well as any other fees or expenses incurred by H&F or such Fund in connection with the Fund's operations that are not specifically set forth above as being paid by H&F.

Additionally, please see Item 6 below regarding "carried interest" that Funds may pay.

In the event that H&F chooses to use a broker-dealer to effect portfolio transactions relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to the Funds, a portion of the profits of each Fund is generally allocated to its general partner as “carried interest.” Each general partner is a related person of H&F.

Certain Funds are not required to pay carried interest. This includes co-invest vehicles and Associates Funds, which by their terms are not required to pay management fees or carried interest. In addition, certain Funds may not pay carried interest due to the underperformance of such Funds’ underlying portfolio investments. The payment by some, but not all, Funds of carried interest may create an incentive for H&F to disproportionately allocate time, services or functions to Funds paying carried interest. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of H&F to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously, including co-invest vehicles and Associates Funds, (iii) each investing Fund generally being required to invest pro-rata based on remaining commitments and/or (iv) contractual provisions and procedures setting forth investment allocation requirements.

Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by H&F.

## **Item 7. Types of Clients**

H&F currently provides investment advisory services to the Funds, and the Funds are H&F’s only clients. Investment advice is provided directly to the Funds and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Unaffiliated investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and include, among others, U.S. and non-U.S. governmental and corporate pension and profit sharing plans, sovereign wealth funds, funds of funds, university endowments, charitable organizations, banks, corporations, limited partnerships, limited liability companies, trusts, other entities or high net worth individuals.

H&F does not have a minimum size for a Fund, but minimum investment commitments are established for investors in the Funds, subject to waiver by H&F in its sole discretion.

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

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

The primary measure of H&F’s success is the risk-adjusted returns it earns for investors over the long term. To achieve its goal, H&F’s strategy is to focus its resources on the private equity market. H&F focuses on making large-scale, equity-related investments primarily in the United States and Europe and other developed countries, depending on where it believes it can find the most compelling opportunities.



H&F has developed a focused and consistent investment philosophy over its history. The foundation of this investment philosophy is H&F's focus on the quality of the portfolio companies' businesses as the primary driver of investment results and the best form of risk management. H&F generally seeks to invest in outstanding business franchises with strong, defensible competitive positions.

H&F invests in both control and non-control positions and invests in a variety of transaction structures, including traditional buyouts, leveraged recapitalizations, financial restructurings, strategic minority transactions and capital infusions. H&F has become an active private equity investor in a broad range of industries, including software; internet and digital, media; financial services; business, marketing & information services; insurance; healthcare; energy & industrials; and retail & consumer, and continually works to identify additional industries and companies that meet its investment criteria.

H&F's investment process includes business and industry analyses, assessment of value and risks, and a determination of appropriate transaction and capital structures. Post-acquisition, H&F assists portfolio company management with major strategic and financial initiatives as well as identifying and implementing value creation opportunities. H&F has also established a rigorous process to evaluate appropriate exits from investments.

## **Risks**

Investing in Fund securities involves a high degree of risk that each prospective investor should carefully consider before making any investment. There is a possibility of partial or total loss of capital and investors must be prepared to bear capital losses that might result from investments. In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include (but are not limited to) the following:

**No Assurance of Investment Return.** H&F cannot provide assurance that it will be able to choose, make or realize investments in any particular company or portfolio of companies. There is no assurance that H&F will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that expected returns for the Funds will be achieved, or that a Fund will receive a return of its capital. An investment in one or more Funds should only be considered by persons who can afford a loss of their entire investment.

**Other Activities.** The managing directors and other employees of H&F devote that portion of their time to the affairs of the Funds necessary for the proper performance of their duties. However, with respect to any particular Fund, other investment activities of H&F and other activities permitted under the applicable Governing Documents are likely to require those individuals to devote substantial amounts of their time to matters unrelated to the business of such Fund, including H&F's existing or future portfolio of investments, which may pose conflicts in the allocation of management resources. A Fund may have no interest in these other activities.

**Competition for Investments.** The Funds encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers, Limited Partners and other financial investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been formed and many existing funds have grown considerably in size. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than H&F. H&F expects that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which investments can be made. For example, given the increasingly more competitive environment, H&F has found it more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund, or the ability to terminate the transaction if there has been a material adverse change in the company's business prior to closing of the investment. In addition, H&F has found competitors for investment opportunities are willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund level guarantees. In the event a financing-related closing condition is not available to a Fund or if a Fund is required to provide a reverse break-up fee or guarantee in connection with a potential investment, a Fund may become obligated to consummate a transaction on less favorable terms or may be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made. There can be no assurance that a Fund will be able to identify or consummate investments satisfying its investment criteria. Likewise, there can be no assurance that a Fund will be able to realize the values of its investments or that it will be able to fully invest its committed capital. To the extent H&F encounters increased competition for investments, returns to the Funds may decrease.

**Risk of Investment Concentration.** The Funds may participate in a limited number of investments and, in addition, certain of these investments may require equity investments that are larger than were required in H&F's historical transactions. A significant portion of the Funds' portfolio companies may be concentrated in a few industries, particularly software; internet and digital, media; financial services; business, marketing & information services; insurance; healthcare; energy & industrials; and retail & consumer. As a consequence, the aggregate return of a Fund may be adversely affected by the unfavorable performance of any single investment or industry. Furthermore, if a Fund co-invests with other private equity funds, investors may have exposure to investments through more than one fund. In circumstances where H&F intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

**Reliance on Portfolio Company Management Teams.** Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the applicable general partner and H&F will be responsible for monitoring the performance of each

investment, there can be no assurance that the existing management team, or any successor team, will be able to operate the portfolio company successfully. The success of many of the Funds' portfolio companies is heavily dependent on the management of such companies. There can be no assurance that the management of a portfolio company on the date an investment is made will continue to be affiliated with the company throughout the period the investment is held or that H&F and/or the portfolio company will be able to recruit and retain successor management teams capable of operating the portfolio company successfully. In addition, H&F will generally establish the capital structure of a portfolio company in which a Fund invests on the basis of financial projections for such company. Projected operating results will normally be based primarily on the judgment of the management of the portfolio company. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

**Risks in Effecting Operating Improvements.** In some cases, the success of H&F's investment strategy will depend, in part, on the ability of H&F to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that H&F will be able to successfully identify and/or implement such improvements or that such improvements, if made, will result in improved financial performance.

**Investments in Restructurings.** The Funds from time to time make investments in restructurings that involve companies, including portfolio companies, that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments, as well as other investments that are unsuccessful, could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Fund(s)'s original investments therein. For example, under certain circumstances, if a Fund is also a lender to a portfolio company, and is deemed to have inappropriately exercised control over the management and policies of a debtor, it may have its claims subordinated or disallowed or it may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Fund and distribution by such Fund to its investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

**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 portfolio company. There is no assurance that such Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company

in need of such an investment, may result in a lost opportunity for such Fund to increase its participation in a successful operation, may result in the Fund's investment in the relevant portfolio company becoming diluted and, in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for the Fund.

**Non-U.S. Investments.** H&F expects to invest a portion of its aggregate commitments outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (iv) differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (v) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (vi) less developed corporate laws regarding fiduciary duties and the protection of investors.

**Foreign Investment Controls.** Foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Funds, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Funds invest or in other jurisdictions.

**Investments with Third Parties.** The Funds from time to time co-invest with third parties, thereby acquiring shared or non-controlling interests in certain portfolio companies. The Funds may not have control over these companies and, in such a case, would have a limited ability to protect their positions therein. Such investments involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of its third party partners or co-investors.

**Minority Investments.** The Funds invest in minority positions of companies and in companies for which the Funds have no right to exert significant influence. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds.

**Use of Leverage.** While investments in leveraged companies offer the opportunity for greater capital appreciation, such investments also involve a higher degree of risk. The Funds' investments involve varying degrees of leverage, as a result of which recessions, operating variances and other general business and economic risks (as well as particular risks associated with investing in the industries targeted by the Funds) have a more pronounced effect on the profitability or survival of such portfolio companies. Moreover, rising interest rates significantly increase portfolio companies' interest expense, which may cause losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds will likely suffer a partial or total loss of capital invested in the portfolio company. For certain Funds, the applicable general partner has caused such Funds to obtain leverage. Although borrowings by the Funds have the potential to enhance overall returns that exceed such Fund's cost of funds, such borrowings increase the potential exposure of the Funds to a particular investment above the level that the Funds would typically have had an investment been limited to equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than such Fund's cost of funds. In addition, borrowings by the Funds are secured by capital commitments made by Fund investors to the Funds as well as by the Funds' assets and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the Fund investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of leverage at the Fund may cause the realization of "unrelated business taxable income."

**Bridge Loans.** From time-to-time, the Funds lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into more permanent, long-term securities; however, for reasons not always within the Funds' 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 the Funds.

**Financial Market Fluctuations and Increased Regulation of Financial Markets.** General fluctuations in interest rates and the market prices of securities will affect the value of the investments held by the Funds. In particular, the value of investments in asset management companies or other companies in the financial services industry are generally adversely affected by fluctuations in interest rates or by declines in the securities markets. Instability in interest rates and the securities markets also increase the risks inherent in the Funds' investments. The ability of portfolio companies to refinance debt securities often depend on their ability to sell new securities in the public high-yield debt market or otherwise. Additionally, the deterioration of the global credit markets in the aftermath of the financial crisis made it more difficult than it had been in the past for financial sponsors like H&F to obtain favorable financing for

investments. A global reduction in liquidity, coupled with the deterioration of the global debt markets, led to reduced investor demand for leveraged credit, which in turn led some investment banks and other lenders to be less willing or unwilling to finance new investments, or to only offer committed financing for these investments on less favorable terms than had been previously been available. While favorable financing terms are currently available, this phenomenon could occur again or be more pronounced. In addition, increased and/or emerging regulations applicable to banks and other lending institutions have limited the ability of the Funds to obtain leverage in amounts, and/or on terms, historically available to the Funds. For example, the dislocation in the credit markets that H&F believes began in July 2007 and the record backlog of supply in the debt markets resulting from such dislocation materially affected the ability and willingness of banks to underwrite new high-yield debt securities for several years. In addition, the availability of debt facilities may also be limited by guidance issued to banks in March 2013 and subsequently updated by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. relating to loans to highly leveraged companies. The Funds' ability to generate attractive investment returns for their investors will be adversely affected to the extent H&F is unable to obtain sufficient financing and/or favorable financing terms for its investments. Moreover, to the extent that such marketplace events occur, they will have an adverse impact on the availability of credit to businesses generally, and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Funds have invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Funds would suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Funds' returns. Such marketplace events also may restrict the ability of the Funds to sell or liquidate investments at favorable times or for favorable prices. Additionally, the Funds may be required to pay break-up, termination or other fees or expenses even if H&F is willing to close on an investment if it is ultimately unable to close on such investment due to a lender's unwillingness to provide previously committed financing.

**Increased Regulatory Scrutiny.** The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") has resulted in extensive rulemaking and regulatory changes that will affect private fund managers, the funds that they manage and the financial industry as a whole. Those changes include new recordkeeping and reporting requirements that will add costs to the legal, operations and compliance obligations of H&F and increase the amount of time that H&F spends on non-investment related activities. The Dodd-Frank Act affects a broad range of market participants with whom the Funds interact or may interact, including banks, non-bank financial institutions, rating agencies, mortgage brokers, credit unions, insurance companies, payday lenders and broker-dealers. Regulatory changes that affect other market participants are likely to change the way in which H&F conducts business with counterparties. It is difficult to anticipate the effect of these and other regulatory changes on H&F and the Funds. It may take years to understand the effect of the Dodd-Frank Act on the financial industry as a whole, and therefore, the continued uncertainty may make markets more volatile, and it may be more difficult for H&F to execute the investment strategy of the Funds.

**General Economic and Market Conditions.** The private equity industry generally and the success of the Funds' investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. While current market conditions may create opportunities for the Funds to make investments at prices that H&F believes are attractive, there remain a number of risks. There can be no assurance that the market will, in the future, remain as liquid as it is at present, and it may experience periods of volatility in the future. The Funds may be adversely affected to the extent that they seek to dispose of any of its portfolio investments into an illiquid or volatile market, and the Funds may find themselves unable to dispose of an investment at a price that H&F believes reflects the investment's fair value. A sustained downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively exit their investment on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

**Contingent Liabilities Upon Disposition.** In connection with the disposition of an investment, H&F, from time to time, is required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the Funds and investors may be required to return amounts distributed to them to pay for the Funds' obligations, including indemnity obligations, subject to certain limitations set forth in the Governing Documents.

**Hedging Policies/Risks.** In connection with the financing of certain investments, H&F employs hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.

**Taxation in Investee Jurisdictions.** The Funds or its investors may be subject to income or other tax in jurisdictions in which the Funds invest. Additionally, withholding taxes or branch taxes may be imposed on earnings of the Funds from investments in such jurisdictions. In addition, local tax incurred in a jurisdiction by the Funds or vehicles through which they invest may not entitle investors to either (i) a credit against tax that may be owed in their respective home tax jurisdictions or (ii) a deduction against income taxable in such home jurisdictions by the investors.

**Effect of Carried Interest.** The existence of the general partners' carried interest may create an incentive for the general partners to make more speculative investments on behalf of the Funds

than they would otherwise make in the absence of such performance-based arrangement. In addition, if distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the applicable Governing Documents. An independent appraisal generally will not be required and is not expected to be obtained.

**Asset Valuations.** There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, an independent, nationally recognized valuation firm retained by H&F applies methodologies based on best practices in the valuation industry that are appropriate in light of the nature, facts and circumstances of each of the investments. Valuations are subject to multiple levels of review or approval, and all portfolio investments are fairly valued in accordance with the procedures set forth in H&F's Valuation Policy. However, the process of valuing securities for which reliable market quotations are not available – even if performed by a qualified third party – is based on inherent uncertainties. The resulting values may differ from values that would have been determined had an active market existed for such securities, and may differ from the prices at which such securities may ultimately be sold. Further, third-party pricing information for publicly traded or registered securities may at times not be available regarding certain of a Fund's assets. Valuations of investments will be determined primarily by a Fund's general partner as described above, subject to review by such Fund's Advisory Board, and generally will be final and conclusive. There can be no assurances that the projected results will be obtained, and actual results may vary significantly from the valuations. General economic, political, regulatory and market conditions and the actual operations of the portfolio companies, which are not predictable, can have a material impact on the reliability and accuracy of such valuations.

**Liability for Certain Pension Obligations.** Under Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), employers who sponsor defined benefit pension plans or contribute to so-called "multiemployer" plans may be liable to the plan in the event of a full or partial plan termination or withdrawal from participation. This liability extends to other entities within the same "controlled group" as well as other "trades or businesses under common control". Under the recent "Sun Capital" decision in the United States Court of Appeals for the First Circuit, an entity such as a Fund could be treated as a "trade or business" (depending upon the level of active management and other factors) and, as a result, could face liability for the Title IV obligations of its portfolio, as could other portfolio investments deemed to be under common control.

**Material Non-Public Information.** By reason of its responsibilities in connection with its other activities, H&F (or its professionals or employees) from time to time acquires confidential or material non-public information or is restricted from initiating transactions in certain securities. In addition, the information provided to Limited Partners by the Funds may include material non-public information about a portfolio company. The Funds will not be free to act upon any such material non-public information that they acquire, and Limited Partners may be restricted in their ability to buy or sell securities or bank debt of companies about which they have received material non-public information. Due to these restrictions, the Funds and Limited Partners may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.



**Investments in the Technology Sector.** The Funds have invested in portfolio companies that operate in the technology sector. Investments in the technology sector may involve risks greater than those in other sectors and may experience significant fluctuations in returns. The technology sector is challenged by various factors, including rapidly changing market conditions and participants, new competing products and services and improvements in existing products and services. Some of the Funds' portfolio companies compete in this volatile environment. There is no assurance that products or services sold by such portfolio companies will not be rendered obsolete or adversely affected by competing products and services or other challenges. Instability, fluctuation or an overall decline within the technology sector may not be balanced by investments in other sectors not so affected. In the event that the technology sector declines, returns to Limited Partners may decrease.

**Illiquid and Long-Term Investments.** Investment in the Funds requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to the Limited Partners. Many of the investments will be highly illiquid and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the Limited Partners. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a portfolio company is made. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Funds hold freely tradable publicly traded securities, the Funds' positions may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Funds wish to dispose of or reduce their position in such company by selling shares into the market.

**Assumption of Contingent Liabilities.** In connection with an investment, a Fund may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if a Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of such Fund, including the remaining commitments of Limited Partners.

**U.S. Dollar Denomination of Interests; Foreign Currency and Exchange Rate Risks.** Interests are denominated in U.S. dollars. Investors subscribing for interests in a Fund in any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. In addition, the Funds' assets generally will be denominated in the currency of the jurisdiction in which the assets are located. Consequently, the return realized on any investment by investors whose functional currency is not the currency of the jurisdiction in which the assets are located may be adversely

affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the investment itself. The Funds may also incur costs when converting one currency into another. Each prospective investor should consult with his or her own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the interests of a Fund.

**Legal, Tax and Regulatory Risks.** Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund, its portfolio companies or Limited Partners. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The Funds invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance directly impact the business and results of operations of, or otherwise have a material adverse effect on, certain portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects. Additionally, foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by such Fund, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where such Fund invests or in other jurisdictions.

**Investments Longer than Term.** A Fund may make investments that may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that such Fund will be dissolved, either by expiration of such Fund's term or otherwise. Although H&F expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the general partner of such Fund has a limited ability to extend the term of such Fund, the Fund may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of dissolution. The general partner of such Fund will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as the general partner shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, upon the dissolution of the Fund. There can be no assurances, however, with respect to the time frame in which the winding up and the final distribution of proceeds to the Limited Partners will occur.

**Risk Arising from Potential Control Group Liability.** Under ERISA, upon the termination of a tax-qualified single employer defined benefit pension plan, the sponsoring employer and all members of its “controlled group” will be jointly and severally liable for 100% of the plan’s unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In addition, the Pension Benefit Guaranty Corporation (the “PBGC”) may assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group.

A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidary groups” and “brother-sister groups” applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that a Fund holds in one or more of its portfolio companies, the Fund itself cannot be considered part of an ERISA controlled group unless the Fund is considered to be a “trade or business”.

While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements.

If a Fund were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by such Fund and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such Fund, with a resulting need for additional capital contributions, the appropriation of Fund assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Fund assets. Moreover, regardless of whether or not the Fund was determined to be a trade or business for purposes of ERISA, a court might hold that one of the Fund’s portfolio companies could become jointly and severally liable for another portfolio company’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.

**Tax-exempt entities face unique tax issues from owning partnership interests that may result in adverse tax consequences to them.** In light of our intended investment activities, we generally do not expect to make investments directly in operating businesses that generate significant amounts of unrelated business taxable income for tax-exempt investors in our Funds (“UBTI”). However, a tax-exempt partner of a partnership could be treated as earning UBTI if the partnership regularly engages in a trade or business that is unrelated to the exempt function of the tax-exempt partner, if the partnership derives income from debt-financed property or if the

partnership interest itself is debt-financed. In addition, tax-exempt investors should note that the use of leverage at the Fund may cause the realization of UBTI.

## **Item 9. Disciplinary Information**

Not applicable.

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

### **Affiliated Adviser**

H&F currently has two affiliated advisers, Hellman & Friedman LLP, a limited liability partnership organized under the laws of England (“H&F LLP”) and Maritime Plaza Services LLP, also a limited liability partnership organized under the laws of England (“MSP”). H&F LLP is authorized to act as an arranger by the United Kingdom Financial Conduct Authority. H&F LLP provides sub-advisory services to H&F in respect of investments by the Funds in companies with principal operations outside the United States. MSP provides advisory services to H&F LLP. Neither H&F LLP nor MSP has registered with the Securities and Exchange Commission (“SEC”) under the Advisers Act, both in reliance on SEC no-action positions and the foreign private adviser exemption.

To the extent H&F LLP or MSP are involved (directly or indirectly) in advising H&F with respect to the Funds, they are considered a “Participating Affiliate” and comply with the required record keeping and inspection provisions of the Advisers Act set forth in the *Uniao de Bancos de Brasileiros S.A.* (July 28, 1992) no-action letter and similar SEC staff no-action positions. Employees of the Participating Affiliates who are involved in providing advice (directly or indirectly) to H&F with respect to the Funds are considered H&F’s “associated persons”.

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

### **Code of Ethics**

H&F has adopted a written Code of Ethics that is applicable to all of its members, managing directors, officers and employees, as well as members, officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households are generally precluded from purchasing publicly traded securities or trading in securities of the Funds’ portfolio companies, subject to certain limited exceptions set forth in the Governing Documents of the Fund (including with respect to securities received as a distribution-in-kind from the Funds). In addition, the Code of Ethics generally permits other transactions, however, only if (i) the transaction is “pre-cleared” by a compliance officer, or (ii) the transaction is exempt from pre-clearance under the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with H&F’s compliance personnel as required by Rule

204A-1 under the Advisers Act. The Code of Ethics helps H&F detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, retraining, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics as well as in connection with any amendment to the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Hellman & Friedman LLC, One Maritime Plaza, 12<sup>th</sup> Floor, San Francisco, CA 94111, Attention: Chief Compliance Officer.

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

H&F and certain employees and affiliates of H&F invest in and alongside the Funds, either through H&F (including through a general partner), as direct investors in the Funds, or otherwise. In particular, certain Funds are comprised primarily of current and former employees and/or other friends and family of H&F. All or a portion of the management fee and carried interest related to investments held by such persons / Funds are in certain cases reduced or eliminated. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that investors and potential investors in a Fund or a Co-Investment Vehicle (as defined below) ask different questions and request different information, H&F provides certain information to one or more investors or prospective investors that it does not provide to all investors or prospective investors.

### **Conflicts of Interest**

H&F and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of multiple Funds, and providing transaction-related, investment advisory, management and other services to Funds and portfolio companies. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of H&F, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how H&F addresses such conflicts of interest, can be found below.

In general, H&F only invests in one Fund group at a time except with respect to follow-on investments. In addition, H&F, on a transaction by transaction basis, establishes co-investment vehicles (“Co-Investment Vehicles”), which entities invest alongside one or more Funds in one or more investment opportunities. Such Co-Investment Vehicles generally are contractually required, as a condition to investment, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such Co-Investment Vehicles do not typically pay management fees or carried interest.

### *Resolution of Conflicts*

In the case of all conflicts of interest, H&F's determination as to which factors are relevant, and the resolution of such conflicts, will be made using H&F's best judgment and in H&F's sole discretion. In resolving conflicts, H&F considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless H&F believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or Governing Documents for the applicable Funds;
- Each Fund family has an Advisory Board, consisting of representatives of investors not affiliated with H&F. The Advisory Boards meet as required to consult with H&F as to certain potential conflicts of interest. H&F will seek Advisory Board approval with respect to issues involving actual conflicts of interest as required pursuant to the Governing Documents of the applicable Fund. If no Advisory Board or Limited Partner approval is required, H&F will be guided by its good faith discretion; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

### *Conflicts*

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that are faced by a Fund. Other conflicts are also disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### *Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*

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

- One or more Funds;
- Any Co-Investment Vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in

such Co-Investment Vehicles include individuals and entities that are also investors in one or more Funds and/or individuals and entities that are not investors in any Funds);

- Co-investors that wish to make direct investments (i.e., not through a Co-Investment Vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Co-investors acting as “co-sponsors” with H&F with respect to a particular transaction.

H&F has adopted written policies and procedures relating to the allocation of investment opportunities, including to Co-Investment Vehicles, and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation limitations (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain Co-Investment Vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are typically set forth in Governing Documents. Although not expected to occur, to the extent the Investment Allocation Requirements of a Fund either (1) do not include applicable allocation procedures and/or (2) allow H&F discretion in making allocation decisions among the Funds, H&F would take into account such factors that it determines in its sole discretion to be relevant, which may include, among others, the remaining capital commitments of the particular Fund, the anticipated future capital needs of the Funds (whether for follow-on investment opportunities, management fees or partnership expenses) as well as relevant investment factors.

H&F will determine if the amount of an investment opportunity exceeds the amount H&F determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisors to H&F and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by H&F to be in the best interests of the applicable Fund), and any such excess is from time to time offered to one or more co-investors as set forth in the following paragraphs.

In general, (i) no investor in a Fund 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 H&F, its related persons or other participants in the applicable transaction, such as co-sponsors, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of H&F or its related persons, (iv) certain persons other than investors in the Funds are offered co-investment opportunities, in the sole discretion of H&F or its related persons, and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require H&F to notify the recipients of such acknowledgements if there is a co-investment opportunity. Funds also have sold down interests in their portfolio companies to co-investors. Subject to the applicable Governing Documents, H&F may now or in the future charge a co-investor (such as a Fund investor or third party) interest costs for the time period

between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company and/or monitoring or transaction fees.

In exercising its discretion to allocate co-investment opportunities among potential co-investors, H&F considers some or all of a wide range of factors, which include, but are not limited to, the following:

- H&F's evaluation of the size and financial resources of the potential co-investment party, including their commitment to the relevant Fund considering the investment, and H&F's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns H&F may have that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- H&F's evaluation of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by H&F;
- H&F's evaluation of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- H&F's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- The sourcing of the potential investment opportunity; and
- Whether H&F believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds.

H&F's exercise of its discretion in allocating investment opportunities among the Funds and the potential co-investors, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While H&F will determine



how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which H&F may be subject, discussed herein, did not exist.

In the event H&F determines to offer an investment opportunity to co-investors, there can be no assurance that (a) H&F will be successful in offering a co-investment opportunity to potential co-investors generally or to specific co-investors, whether in whole or in part, (b) the closing of such co-investment will be consummated in a timely manner, (c) the co-investment will take place on the terms and conditions that will be preferable for the Fund or (d) expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. In the event that H&F is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund will consequently hold a greater concentration and have exposure in the related investment opportunity greater than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. Moreover, an investment by the Fund that is not syndicated to co-investors as originally anticipated could significantly reduce the Fund's overall investment returns.

In addition, to the extent H&F exercises its discretion to select purchasers of investments held by one or more Funds that are investors in one or more Funds or has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, in exercising such discretion H&F considers the factors listed above, as well as legal, regulatory, contractual and/or financial or administrative burdens to the Fund, H&F or its affiliates, and, in the case of secondary transfers, potential benefits to the Fund or future Funds from having such new investor in the Fund.

The appropriate allocation among Funds and co-investors of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by H&F and its affiliates in their good faith discretion, consistent with the Governing Documents of the Funds, as applicable. There are also occasions when one Fund (the "Payor Fund") pays an expense common to multiple funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

#### *Allocation of Fees and Expenses*

H&F will allocate fees and expenses incurred in connection with the management of a Fund between H&F and the applicable Fund in accordance with such Fund's Governing Documents, or to the extent not addressed in such documents or agreements, in its sole discretion, in each case using good faith and its best judgment. H&F will allocate fees and expenses to be borne by the Funds among the applicable Funds in accordance with such Fund's Governing Documents or

to the extent not addressed in such documents or agreements in its sole discretion, in each case using good faith and its best judgment.

In exercising its discretion to allocate investment opportunities and fees and expenses, H&F is faced with a variety of potential conflicts of interest. Any such conflict will be resolved as required by the Governing Documents or otherwise in a fair and equitable manner as determined by H&F.

### *Cross Transactions*

In certain cases, H&F may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because such buy and sell transactions may not fully expose such transactions to market forces and a Fund may therefore not receive the best price otherwise possible. Additionally, in connection with such transactions, H&F, its affiliates and/or their professionals (i) may have significant and perhaps not evenly balanced investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). H&F and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, H&F will follow the conflict of interest provisions of the relevant Fund's Governing Documents. To the extent such matters are not addressed in such conflict of interest provisions, H&F shall consider its duties to, and use its discretion to act in the best interests of, each Fund. H&F will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction unless such transaction complies with the requirements of H&F's principal transactions policy, as described below. In addition, the Governing Documents also provide for approval of certain transfers (including of the type referred to above), such as approvals of the Advisory Board in certain circumstances.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), H&F must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with H&F's management of the Funds, H&F and its affiliates may engage in principal transactions. H&F has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

### *Management of the Funds*

H&F manages a number of Funds that have investment objectives similar to each other. Subject to the restrictions set forth in the Fund's Governing Documents, H&F anticipates in the future establishing one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" above. In addition, it is expected that employees of H&F responsible for managing a particular Fund will be involved in other investment activities of H&F, such as responsibilities with respect to other Funds managed by H&F, including prior Funds as well as Funds that are raised in the future, and they would be involved in other activities permitted under the applicable Governing Documents. Conflicts of interest would arise in allocating time, services or functions of these officers and employees.

### *Conflicts Relating to H&F*

H&F, in its discretion, from time to time, (A) contracts with related persons of H&F (including but not limited to a portfolio company of a Fund or individuals and entities that are also investors in one or more Funds) or (B) recommends to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) a related person of H&F (including but not limited to a portfolio company of a Fund) or (ii) an entity with which H&F or its affiliates or a member of their personnel has a relationship or from which H&F or its affiliates or their personnel otherwise derives financial or other benefit. When entering into such a contract or making such a recommendation, H&F may, because of its financial or other business interest, have an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. See also "*Business with Portfolio Companies and Investors*" below.

H&F, its affiliates, and members, officers, principals and employees of H&F and its affiliates have had, and may in the future have, an interest in or otherwise buy or sell securities or other instruments that H&F has recommended or recommends to Funds. The interests of such persons may diverge from the interests of the Funds in such cases. While H&F expects these situations to occur infrequently, if at all, H&F's limited partnership agreements include provisions to address conflicts, including requiring Advisory Board approval in certain circumstances. In addition, H&F would adopt other procedures as appropriate depending on the circumstances of any such conflict.

As described in Item 5 above, H&F and its affiliates will perform Related Services for, and in certain limited circumstances will receive Transaction Fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees, if payable, will be in addition to any management fees or carried interest paid by the Funds to H&F but are subject to the 100% management fee offset described below. In addition to Transaction Fees, and consistent with the applicable Fund's Governing Documents, H&F incurs, and portfolio companies reimburse H&F for, expenses (including without limitation, certain entertainment, meals and travel expenses,

which may include expenses for chartered or first class travel) incurred by H&F in connection with its performance of services for such portfolio company. Because such expenses are not Transaction Fees, such reimbursements are not subject to the management fee offset arrangements described below. Because these expenses are paid for by a Fund and/or its portfolio companies or, if incurred by H&F, are reimbursed by a Fund and/or its portfolio companies, H&F may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Additionally, since the term of a management agreement may exceed ten years (and is typically subject to automatic extensions and renewals), there are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) that will accelerate the payment of such fees. These fees may be substantial, particularly in the event such circumstances occur early in the life of the Fund's investment in such portfolio company. This creates a conflict of interest between H&F and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. With respect to Transaction Fees, H&F together with other members of the applicable consortia determine the amount of these fees in their discretion, subject to agreements with the applicable sellers, buyers, and management teams, and/or the board of directors of or lenders to such portfolio companies. The amount of such expenses and Transaction Fees are not (except in connection with the 100% management fee offset described below) generally disclosed to investors in the Funds. H&F and its affiliates will as described above in Item 5 above reduce the amount of management fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of Transaction Fees. As some Funds do not pay management fees, any such reduction will not benefit such Funds.

From time to time H&F, in its discretion, has entered into, and may in the future enter into, transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, H&F considers some or all of the factors listed above under "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*". The sales price for such transactions will be mutually agreed to by H&F and such purchaser(s) (and perhaps by third party investors as well); however, determinations of sales prices involve a significant degree of judgment by H&F. Although H&F is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction or that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Governing Documents of the applicable Fund(s).

#### *Diverse Membership*

The investors in the Funds include U.S. taxable and tax exempt persons and persons from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors often relate to or arise from, among other things, the nature of investments made by

a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by H&F or its affiliates, including with respect to the nature or structuring of investments, that may be more beneficial for one investor, including the applicable general partner, than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, H&F and its affiliates will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

### *Business with Portfolio Companies and Investors*

Given the collaborative nature of H&F's business and the portfolio companies in which the Funds have invested, there are often situations where H&F is in the position of recommending portfolio company services to other portfolio companies. H&F may have a conflict of interest in making such recommendations, in that H&F has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. In addition, the general partner of a Fund may from time-to-time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. H&F may have an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

H&F and/or its affiliates may also engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company).

Certain service providers or their affiliates (including any accountants, administrators, lenders, brokers, attorneys, consultants and investment or commercial banking firms) of H&F, the Funds, the general partners, the portfolio companies or any of their affiliates are from time to time investors in the Funds, affiliates of the general partners and/or sources of investment opportunities and co-investors or counterparties therewith and/or provide services to businesses that are competitors of H&F, its affiliates or the Funds. H&F may have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will provide H&F information about markets and industries in which H&F operates or is interested or will provide other services that are beneficial to H&F. There is a possibility that H&F, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. In addition, in certain circumstances, services providers or their affiliates charge different rates or have different arrangements for services provided to H&F, the Funds, the general partners, portfolio companies or any of their affiliates as compared to services provided to the Funds or their portfolio companies, which in certain circumstances result in more favorable rates or arrangements than those payable by the Funds or their portfolio companies.

### *Positions with Portfolio Companies*

Employees of H&F may serve as directors or managers of or provide consulting services to portfolio companies. The portion of any fees, net of related expenses, received by such employees or H&F for such services and attributable to a particular Fund are 100% offset against the management fees payable by such Fund.

### *Side Letter Agreements*

H&F enters into certain side letter arrangements with certain Fund investors providing such investors with different or preferential rights or terms, including but not limited to information rights, co-investment rights, and liquidity or transfer rights.

### *Other Potential Conflicts*

H&F and the Funds will generally engage common legal counsel and other advisors in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds also from time to time represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, H&F and/or its affiliates, the parties may engage separate counsel in the sole discretion of H&F and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, H&F and the Funds from time to time engage other common service providers. In such circumstances, there may be a conflict of interest between H&F and the Funds in determining whether to engage such service providers, including the possibility that H&F may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds. In addition, H&F and its related persons, in certain instances, receive discounts on products and services provided by portfolio companies, customers and suppliers of such portfolio companies and/or service providers of Funds.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The general partner, or its affiliates, including its Managing Directors and employees, have in the past and may in the future receive distributions in kind from an investment disposition. In the event of such a distribution of stock, the recipients may act in their own interest with respect to the share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such recipient shall determine. The ability of such recipients to act in their own interest with respect to such distributed shares creates a conflict of interest between H&F's Related Persons, on the one hand, and the Fund, on the other.

The Funds from time to time enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds would be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangements when H&F determines it is in the best interests of the Funds.

The Governing Documents of certain Funds permit each such Fund's general partner to withhold information from certain Limited Partners or investors in such Fund in certain circumstances. H&F may elect to withhold certain information to such Limited Partners for reasons relating to H&F's public reputation or overall business strategy, despite the potential benefits to such Limited Partners of receiving such information.

Please see the discussion above under the sub-heading "*Resolution of Conflicts*" for a description of the means by which H&F and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

As Funds invest primarily in private companies, H&F anticipates that investments in publicly traded securities through brokered transactions will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, sales of securities held as a result of initial public offerings of portfolio companies, etc.). However, to meet its fiduciary duties to the Funds, H&F has adopted the following policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

### **Selection of Brokers and Dealers**

In the event it chooses to use a broker-dealer, H&F seeks to obtain best price and execution of transactions as set forth below. To the extent they aggregate orders for purchase and sale, H&F will aggregate such orders as it deems appropriate and in accordance with each Fund's Governing Documents and in the best interest of each Fund.

For each of the Funds, H&F has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, H&F will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputation and reliability of the executing broker or dealer.

In selecting brokers or dealers, H&F takes into account all factors that it deems relevant, including, by way of illustration, the reputation, experience and financial stability of the broker-dealer; the ability to provide competitive pricing; the size and timing of the transaction; the nature of the market for the security and the difficulty of execution; the ability and willingness to

commit capital or financing and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the ability to maintain H&F's anonymity, the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market, the belief that the broker-dealer charges a fair and reasonable fee for each trade and that the Funds have been treated fairly and honestly in prior trades; and the quality of execution, quality of broker-dealer relationship, quality of service rendered by the broker-dealer in other transactions, and the quality of any proprietary research and investment ideas. In addition, H&F may consider the use of Electronic Communications Networks ("ECNs") when placing trades on behalf of the Funds. To the extent consistent with achieving best execution, the Firm may also consider other business a particular broker or dealer may have done with the Firm, such as identifying investment opportunities, performing investment banking services, and the ability and willingness to commit capital or financing to other H&F transactions.

H&F has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so called "soft dollar" arrangements). However, brokers or dealers are from time to time selected who provide research reports and services to H&F, including: proprietary broker-dealer company research and analysis; oral and written reports, statistics and advice about the economy, industries and individual securities' or company investment opportunities; and reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics, both of which may be attractive for one or more Funds or to H&F; and opportunities to confer with management. In accordance with Section 28(e) of the Exchange Act, broker-dealers providing such services may be paid commissions on transactions for Funds in excess of those that other broker-dealers not providing such services might charge so long as H&F determines in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided, taking into account all of the accounts over which H&F exercises investment discretion. Recognizing the value of the brokerage and research services provided, H&F may allow a brokerage commission or negotiated term in excess of that which another broker-dealer might have charged for effecting the same transaction. H&F will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. H&F will also periodically review the past performance of the broker-dealers with whom H&F has placed orders to execute Fund transactions in light of the factors discussed above.

### **Aggregation of Trades**

H&F and its affiliates have from time to time aggregated (or bunched) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. H&F and its affiliates may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such



cases, H&F and its affiliates generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the best price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon a pro rata basis among the participating Funds.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly H&F's review of them is generally not directed toward a short-term decision to dispose of securities. However, H&F closely monitors the portfolio companies of the Funds. In addition, each portfolio company is formally reviewed by its team of investment professionals on a periodic basis and presented to H&F's entire investment staff. The portfolio company's deal team generally includes Managing Directors and other investment professionals of H&F.

### **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as unaudited financial statements of the Fund, including statements of operations, cash flow and changes in capital account balances within 45 days after the close of each of the first three calendar quarters of each year. In addition, investors receive quarterly one page portfolio company summaries modeled after the IPLA summary template. H&F from time-to-time, in its sole discretion, provides additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

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

For details regarding economic benefits provided to H&F by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, H&F and its related persons, in certain instances, receive gifts from, or discounts on products and services provided by, portfolio companies of Funds, the customers and suppliers of such portfolio companies and/or service providers of Funds.

## **Item 15. Custody**

As H&F relies on the "audit exemption" under the Advisers Act custody rule (i.e., Rule 206(4)-2(b)(4)), investors in the Funds will not receive account statements from the Funds' custodians.

## **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the

applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

## **Item 17. Voting Client Securities**

H&F has adopted policies and procedures setting forth the principles and procedures by which H&F votes or gives consent with respect to securities owned by the Funds. H&F may, from time to time, determine that it is in the best interest of a Fund to depart from specific policies described below.

H&F's general policy is to vote proxy proposals, amendments, consents or resolutions, including a vote of a private company that does not involve a proxy relating to the Funds (each, a "proxy" and, collectively, "proxies") in a manner that serves the best interest of the Fund, as determined by H&F in its discretion, taking into account relevant factors, including: (i) the impact on the value of the returns of the Fund; (ii) alignment of portfolio company management's interest with the Fund's interest, including establishing appropriate incentives for management; (iii) the ongoing relationship between the Fund and the portfolio companies in which it invests including the continued or increased availability of portfolio information; and (iv) industry and business practices.

Subject to the foregoing, H&F will generally vote in accordance with the recommendation of a portfolio company's management, as applicable, unless, in H&F's opinion, such recommendation is not in the best interests of the applicable Fund. Unless the matter is reserved for H&F's investment committee, such votes must be approved by a managing director on the investment team for the relevant deal. H&F will abstain from voting or affirmatively decide not to vote if H&F determines that abstaining or not voting is in the best interest of the Fund. In making such a determination, H&F will consider various factors, including, but not limited to: (i) the costs associated with exercising the proxy (e.g., translation or travel costs); (ii) any legal restrictions on trading resulting from the exercise of a proxy, and (iii) any actual or perceived conflicts of interest in the proposed action to be voted upon.

Conflicts may arise between the interest of the Fund, on the one hand, and the interest of H&F on the other hand. H&F will use its best judgment to address any such conflict of interest and ensure that it is resolved in accordance with the best interests of the Funds and consistent with the Governing Documents. See also Item 11 above – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - *Conflicts of Interest*.

Copies of relevant proxy logs and copies of proxy voting policies are available to any client or prospective client upon written request to: Hellman & Friedman LLC, One Maritime Plaza, 12<sup>th</sup> Floor, San Francisco, CA 94111, Attention: Chief Compliance Officer.

## **Item 18. Financial Information**

Not applicable.

**Item 19. Requirements for State-Registered Advisers**

Not applicable.