

**INVESTMENT ADVISER BROCHURE**

**SENTINEL CAPITAL PARTNERS, L.L.C.**

**330 Madison Avenue, 27th Floor  
New York, NY 10017**

**<http://www.sentinelpartners.com>**

**March 29, 2018**

**This Investment Adviser Brochure (this “Brochure”) provides information about the qualifications and business practices of Sentinel Capital Partners, L.L.C., a Delaware limited liability company (“Sentinel LLC”). If you have any questions about the contents of this Brochure, please contact us at (212) 688-3100 or [info@sentinelpartners.com](mailto:info@sentinelpartners.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 authority.**

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

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

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
Investment Adviser Brochure .....	i
Material Changes.....	1
Advisory Business .....	1
Fees and Compensation.....	4
Performance-Based Fees and Side-By-Side Management .....	9
Types of Clients.....	10
Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Disciplinary Information .....	44
Other Financial Industry Activities and Affiliations .....	44
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	44
Brokerage Practices.....	45
Review of Accounts .....	47
Client Referrals and Other Compensation .....	47
Custody .....	48
Investment Discretion.....	48
Voting Client Securities .....	48
Financial Information .....	49
Supplemental Information About Certain Principals of Sentinel .....	50

## MATERIAL CHANGES

This Brochure contains material changes to the previous Form ADV Part 2 filed by Sentinel Capital Partners, L.L.C. on March 30, 2017 (the “**Previous Brochure**”). Immediately below is a discussion of such material changes. Such discussion sets forth only material changes to the Previous Brochure. All other changes to this Brochure are not material and are solely clarifying or updating changes.

This Brochure reflects the following material changes to the Previous Brochure: (1) conforming the amounts of client assets managed by Sentinel; (2) adding new funds, general partners and relying advisers; (3) updating disclosures relating to fees and expenses; (4) updating disclosures relating to risks of investment and conflicts of interest; and (5) updating the description of Sentinel’s business practices.

## ADVISORY BUSINESS

Sentinel is a private investment management firm, including a registered investment advisory entity and other investment advisers and entities affiliated with Sentinel Capital Partners, L.L.C, a Delaware limited liability company (“**Sentinel LLC**” and, together with such affiliated organizations, collectively, “**Sentinel**”), that manages approximately \$1,583,651,425 in private fund assets as of December 31, 2017.

Sentinel LLC is a registered investment adviser that commenced operations in November 1995. Sentinel LLC and its affiliated entities, Sentinel Partners IV, L.P. (“**Sentinel IV GP**”), Sentinel Partners V, L.P. (“**Sentinel V GP**”), Sentinel Partners VI, L.P. (“**Sentinel VI GP**”), Sentinel Junior Partners I, L.P. (“**Sentinel Junior Capital GP**”, and together with Sentinel IV GP, Sentinel V GP and Sentinel VI GP, the “**General Partners**” and each, a “**General Partner**”), Sentinel Investment Partner IV, L.P. (“**Adviser IV**”), Sentinel Investment Partner V, L.P. (“**Adviser V**”), Sentinel Investment Partner VI, L.P. (“**Adviser VI**”), and Sentinel Junior Investment Partner I, L.P. (“**Junior Capital Adviser**”, and together with Adviser IV, Adviser V and Adviser VI, the “**Affiliated Advisers**” and the Affiliated Advisers, the General Partners and Sentinel LLC, the “**Advisers**”) provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere.

Each Affiliated Adviser is registered with the SEC under the Advisers Act pursuant to Sentinel LLC’s registration, and each General Partner is subject to the Advisers Act pursuant to Sentinel LLC’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each of the Affiliated Advisers and the General Partners, which operate as a single advisory business together with Sentinel LLC.

Sentinel IV GP has delegated the management of the business and affairs of Fund IV to Adviser IV, which in turn has delegated such management to Sentinel LLC. Sentinel V GP has delegated the management of the business and affairs of Fund V to Adviser V, which in turn has delegated such management to Sentinel LLC. Sentinel VI GP has delegated the management of the business and affairs of Fund VI to Adviser VI, which in turn has delegated such management to Sentinel LLC. Sentinel Junior Capital GP has delegated the management of the business and affairs of Junior Capital Fund I to Junior Capital Adviser, which in turn has delegated such management to Sentinel LLC (see below for a list of Fund IV, Fund V, Fund VI and Junior Capital Fund I entities (each, a “**Fund**”, collectively, the “**Funds**” and together with

any future private investment fund managed by Sentinel, the “**Private Investment Funds**”). The investors in the Funds (other than the General Partners and the Affiliated Advisers), as applicable, are referred to herein as “**Limited Partners**” and the Limited Partners, together with the General Partners and the Affiliated Advisers, are referred to herein as the “**Partners**”.

Fund IV, Fund V, Fund VI and any other Private Investment Funds following a private equity buyout strategy (the “**Private Equity Funds**”) are private equity funds and invest through negotiated transactions in operating entities generally referred to herein as “portfolio companies”. Sentinel’s investment advisory services to the Private Equity Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments, and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted subject to certain limitations set forth in the applicable Private Equity Fund’s limited partnership agreement or other governing documents (each such agreement or document of a Private Equity Fund or a Junior Capital Fund (as defined below), a “**Limited Partnership Agreement**”). From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Sentinel LLC or its affiliates generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over the management of a Private Equity Fund’s portfolio companies.

Junior Capital Fund I and any other Private Investment Funds following a junior capital or “mezzanine” strategy (the “Junior Capital Funds”) are private funds that typically invest in mezzanine securities of the portfolio companies sourced by Private Equity Funds on terms independently negotiated by one or more third-party lead mezzanine investors who are not affiliates of Sentinel (each such third-party investor, an “**Independent Investor**”), with the relevant Junior Capital Fund positioned as a minority interest holder with few, if any, of the governance and economic rights and powers exercised by the the lead Independent Investor in the relevant issuance. As used herein, the term “lead” Independent Investor(s) refers to the Independent Investor(s) acquiring or representing the acquirer(s) of the largest portion of the relevant junior capital securities, as the context may require. Typical Junior Capital Fund investments will include securities or other instruments that, at the time of initial investment, have attributes such as liquidation or other preferences, interest, coupon, or other debt-like features, including, without limitation, instruments issued in respect of warrants or conversion rights or mechanisms applicable thereto, in each case including any follow-on investments thereon. Sentinel’s investment advisory services to the Junior Capital Funds consist of identifying, evaluating and executing junior capital or mezzanine investment opportunities, managing and monitoring such investments, and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted subject to certain limitations set forth in the applicable Junior Capital Fund’s Limited Partnership Agreement.

Sentinel IV GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, “**Fund IV**”).

- Sentinel Capital Partners IV, L.P., a Delaware limited partnership
- Sentinel Capital Partners IV-A, L.P., a Delaware limited partnership
- Sentinel Capital Investors IV, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to “Fund IV” include each of the above-named private funds. While the substantial majority of the terms

of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel V GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, "**Fund V**").

- Sentinel Capital Partners V, L.P., a Delaware limited partnership
- Sentinel Capital Partners V-A, L.P., a Delaware limited partnership
- Sentinel Capital Investors V, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to "Fund V" include each of the above-named private funds. While the substantial majority of the terms of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel VI GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, "**Fund VI**").

- Sentinel Capital Partners VI, L.P., a Delaware limited partnership
- Sentinel Capital Partners VI-A, L.P., a Delaware limited partnership
- Sentinel Capital Investors VI, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to "Fund VI" include each of the above-named private funds. While the substantial majority of the terms of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel Junior Capital GP, a Delaware limited partnership, is the General Partner of the private fund listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, "**Junior Capital Fund I**").

- Sentinel Junior Capital I, L.P.

Investors should refer to Junior Capital Fund I's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel's advisory services for the Private Investment Funds are detailed in the applicable private placement memoranda and the supplements thereto (each, a "**Private Placement Memorandum**" and collectively, the "**Private Placement Memoranda**"), the Limited Partnership Agreements of the Funds and are further described below under "Methods of

Analysis, Investment Strategies and Risk of Loss.” Investors in the Private Investment Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, tax, regulatory, or other agreed-upon circumstances pursuant to the relevant Limited Partnership Agreement. The Funds or the Advisers have entered into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the applicable Fund’s Limited Partnership Agreement.

Additionally, from time to time and as permitted by the relevant Limited Partnership Agreement, the Advisers have provided and expect to provide in the future co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain persons, including other sponsors, market participants, finders, consultants (including former portfolio company executives or board members), service providers, lending sources, Outside Operating Partners (as defined below) or certain other persons associated with Sentinel and/or its affiliates. Although such opportunities have generally not been offered to Limited Partners (other than any Outside Operating Partners or former portfolio company executives that may also be Limited Partners), from time to time and as permitted by the relevant Limited Partnership Agreement, the Advisers may in the future provide such opportunities to Limited Partners. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle has purchased, and may in the future purchase, a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment and the co-investor or co-invest vehicle may be charged interest on the purchase or under certain conditions be subject to other equitable adjustments to the purchase price, to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.

As of December 31, 2017, Sentinel LLC manages \$1,583,651,425 in client assets on a discretionary basis. Sentinel LLC and the Affiliated Advisers are controlled by the partners of Sentinel LLC.

## **FEES AND COMPENSATION**

In general, Sentinel receives a management fee (“**Management Fee**”) paid by the Funds in connection with advisory services it provides. Sentinel LLC or other Sentinel entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds (e.g., the General Partners receive Carried Interest, defined and discussed in detail below) and, as outlined below, certain additional compensation that offsets in whole or in part the Management Fee otherwise payable. Limited Partners in the Funds also bear certain fund expenses.

### **Management Fees**

The precise amount of, the manner and calculation of and the manner and timing of payment of the Management Fee for each Fund are established by the Advisers, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s advisory agreements, organizational documents and/or documentation received by each investor prior to

investment in such Fund. The fee structures of the Funds may be modified from time to time and Management Fees may differ from one Fund to another.

#### Fund IV

Adviser IV reserves the right to waive all or any portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment shall (a) reduce the amount of capital contributions that Adviser IV otherwise would be required to make in respect of Fund IV after the date that the waived amount would otherwise be due and (b) correspondingly increase later capital contributions of the Limited Partners. Waived Management Fees are not subject to the Management Fee offsets described below.

The Management Fee payable by Fund IV shall be reduced by an amount (the “**Fund IV Offset Amount**”) equal to (a) 100% of any transaction, advisory, break-up, monitoring, commitment, or similar fees received by Sentinel IV GP, Adviser IV, Sentinel LLC or the principals from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Fund IV (“**Fund IV Offset Fees**”), up to an amount equal to all partnership expenses incurred in connection with unconsummated transactions, and then (b) 100% of all Fund IV Offset Fees that are directors’ fees and 50% of all other Fund IV Offset Fees. If the Fund IV Offset Amount exceeds the amount of the Management Fee otherwise payable in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Fund IV, any Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Fund IV to waive receipt of such amounts.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreements.

#### Fund V

Adviser V reserves the right to waive all or any portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment shall (a) reduce the amount of capital contributions that Adviser V otherwise would be required to make in respect of Fund V after the date that the waived amount would otherwise be due and (b) correspondingly increase later capital contributions of the Limited Partners. Waived Management Fees are not subject to the Management Fee offsets described below.

The Management Fee payable by Fund V shall be reduced by an amount (the “**Fund V Offset Amount**”) equal to (a) 100% of any transaction, advisory, break-up, monitoring, commitment, or similar fees received by Sentinel V GP, Adviser V, Sentinel LLC or the principals from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Fund V (“**Fund V Offset Fees**”), up to an amount equal to all partnership expenses incurred in connection with unconsummated transactions, and then (b) 100% of all Fund V Offset Fees that are directors’ fees and 50% of all other Fund V Offset Fees. If the Fund V Offset Amount exceeds the amount of the Management Fee otherwise payable in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Fund V, any Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Fund V to waive receipt of such amounts.

Furthermore, as described in the relevant Limited Partnership Agreement(s), Offset Fees (as defined below) received with respect to a portfolio company in which both Fund V and Junior Capital Fund I have invested or proposed to invest will, under limited circumstances, be Junior Capital Fund I Offset Fees.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreements.

#### Fund VI

Adviser VI generally satisfies a significant portion of its capital contribution obligations in respect of Fund VI by reducing a significant percentage of each installment of the Management Fee. Any reduced portion of a Management Fee installment (“**Deemed Contribution**”) shall (a) reduce the amount of capital contributions that Adviser VI otherwise would be required to make in respect of Fund VI after the date that the reduced amount would otherwise be due and (b) correspondingly increase later capital contributions of the Limited Partners, pro rata, according to their respective capital commitments. Deemed Contributions are not subject to the Management Fee offsets described below.

The Management Fee payable by Fund VI (after giving effect to any reduction by Deemed Contribution) shall be reduced by an amount (the “**Fund VI Offset Amount**”) equal to (a) 100% of any closing fees, management fees, directors fees, consulting fees, origination fees, monitoring fees, commitment fees, break-up fees and similar fees received by Sentinel VI GP, Adviser VI, and each of their respective directors, officers, stockholders, members, managers, partners, employees or affiliates (including the principals) from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Fund VI (“**Fund VI Offset Fees**”), up to an amount equal to all partnership expenses incurred by Fund VI in connection with unconsummated transactions, and then (b) 100% of all Fund VI Offset Fees that are directors’ fees and 50% of all other Fund VI Offset Fees. If the Fund VI Offset Amount exceeds the amount of the Management Fee otherwise payable (after giving effect to any reduction by Deemed Contribution) in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Fund VI, any Fund VI Offset Amount that has not been applied to offset the Management Fee shall be paid by Adviser VI directly to those partners that have not elected on or prior to the date of their admission to Fund VI to waive receipt of such amounts.

Furthermore, as described in the relevant Limited Partnership Agreement(s), Offset Fees (as defined below) received with respect to a portfolio company in which both Fund VI and Junior Capital Fund I have invested or proposed to invest will, under limited circumstances, be Junior Capital Fund I Offset Fees.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreements.

#### Junior Capital Fund I

The Management Fee payable by Junior Capital Fund I shall be reduced by an amount (the “**Junior Capital Fund I Offset Amount**”) equal to 100% of any transaction, advisory, break-up, directors, monitoring, commitment, or similar fees received by Sentinel Junior Capital GP, Junior Capital Adviser, Sentinel LLC or the principals from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Junior Capital Fund I



(“**Junior Capital Fund I Offset Fees**” and together with Fund IV Offset Fees, Fund V Offset Fees and Fund VI Offset Fees, “**Offset Fees**”). Notwithstanding the foregoing, any Offset Fees that are received by Sentinel from a portfolio company in which Junior Capital Fund I has invested and a Private Equity Fund has also invested or proposed to invest at or prior to the receipt of such fees will be Offset Fees of such Private Equity Fund except that Offset Fees received by Junior Capital Fund I or its General Partner in proportion to such fees received by or allocable to the relevant lead Independent Investor or its manager generally will be Junior Capital Fund I Offset Fees.

If the Junior Capital Fund I Offset Amount exceeds the amount of the Management Fee otherwise payable in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Junior Capital Fund I, any Junior Capital Fund I Offset Amount that has not been applied to offset the Management Fee shall be paid by Junior Capital Adviser directly to those partners that have not elected on or prior to the date of their admission to Junior Capital Fund I to waive receipt of such amounts.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreement.

### **Other Information**

Sentinel is permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or Carried Interest (defined below), including Sentinel and any other person designated by Sentinel. Any such exemption from fees and/or Carried Interest may be made by a direct exemption by Sentinel and/or its affiliates. For example, in instances where a Sentinel professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and/or Carried Interest with respect to such Fund. Additionally, to the extent permitted by the relevant Limited Partnership Agreement, certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or Carried Interest.

The Funds and any other Private Investment Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Limited Partnership Agreements, over the terms of the Funds (or the relevant Private Investment Funds, as applicable) and Limited Partners generally are not permitted to withdraw or redeem interests in the Funds (or other relevant Private Investment Funds, as applicable). The Advisers reserve the right to waive all or a portion of any Management Fee and/or Carried Interest (as defined below) payable by or in respect of Limited Partners of their respective Funds or other Private Investment Funds.

The Advisers, the Outside Operating Partners and the Other Non-Sentinel Service Providers (as defined below) and/or their respective affiliates generally have discretion over whether to charge fees to a portfolio company and, if so, the fee rate and amount. The receipt of such fees may give rise to conflicts of interest between the Private Investment Funds, on the one hand, and the Advisers, the Outside Operating Partners and the other Non-Sentinel Service Providers and/or their affiliates, on the other.

In addition to the Management Fee and Carried Interest, the Funds bear certain expenses.

### Private Equity Fund Expenses

As more fully set forth in their Limited Partnership Agreements, the Private Equity Funds bear all expenses to the extent not paid by portfolio companies, Sentinel LLC or the Advisers, including legal, accounting, auditing, investment banking, travel, printing, consulting, research, brokerage, finder's fees, custody, transfer, government and registration, private equity and other insurance, advisory board, annual meeting, interest, taxes and other similar fees and expenses, including any such expenses incurred in connection with proposed transactions for which Sentinel had selected such Private Equity Fund as a proposed investor but that are not consummated (as defined in the relevant Fund's Limited Partnership Agreement, "**Broken Deal Expenses**"), including Broken Deal Expenses relating to transactions that have been offered to co-investors. Co-investment vehicles have been formed from time to time in connection with the consummation of a transaction and may be formed in the future for a similar purpose. Accordingly, where a proposed transaction is not consummated, no co-investment vehicle generally will have been formed, and the full amount of any Broken Deal Expenses relating to any such proposed transaction would therefore generally be borne by the Private Equity Fund(s) selected by Sentinel as proposed investors for such proposed transaction regardless of whether additional investors, including a Junior Capital Fund, were contemplated as potential investors in the applicable portfolio company. However, if an Independent Investor has been identified in connection with a contemplated Junior Capital Fund co-investment that is not ultimately consummated and such Independent Investor has agreed to bear its portion of Broken Deal Expenses, such Junior Capital Fund generally will bear amounts proportional therewith. Furthermore, if an investment is pursued for a Junior Capital Fund after a Private Equity Fund has already participated in such investment, such Junior Capital Fund generally will bear the full amount of any Broken Deal Expenses not borne by an Independent Investor. For the avoidance of doubt, a Private Equity Fund shall not be required to bear any Broken Deal Expenses incurred in connection with any proposed investment of a Junior Capital Fund that is not contemplated as a Junior Capital co-investment alongside such Private Equity Fund.

### Junior Capital Fund Expenses

As more fully set forth in their Limited Partnership Agreements, the Junior Capital Funds bear all expenses, to the extent not paid by portfolio companies, Sentinel LLC, the Advisers or the relevant co-investing Private Equity Fund(s) as discussed in the preceding paragraph, including legal, accounting, auditing, portfolio tracking facilities, debt services, investment banking, travel, printing, consulting, research, brokerage, finder's fees, custody, transfer, government and registration, private equity and other insurance, advisory board, annual meeting, interest, taxes and other similar fees and expenses, including any Broken Deal Expenses incurred in connection with proposed transactions for which Sentinel had selected such Junior Capital Fund as a proposed investor but that are not consummated, including Broken Deal Expenses relating to transactions that have been offered to co-investors.

### Expenses Generally

As described more fully in the applicable Private Placement Memorandum, Sentinel LLC has exclusive relationships with certain senior professionals who provide certain key value-added services to the portfolio companies of the Funds ("**Outside Operating Partners**") as well as certain other Non-Sentinel Service Providers. These Outside Operating Partners and the other Non-Sentinel Service Providers are not employees of Sentinel, are not members of the Advisers and do not have a Carried Interest in any of the Advisers' investments. Such Outside Operating Partners and the other Non-Sentinel Service Providers have in the past and may in

the future receive compensation from Sentinel portfolio companies and be reimbursed for certain travel and other costs in connection with their services, and such compensation or reimbursement will not result in offsets to the Management Fee. In addition, Sentinel has in the past, and may in the future from time to time, directly employ one or more persons in an operational role (the “**Employee Operating Partners**”), in which case Sentinel expects to bear any remuneration paid to such person while employed by Sentinel (which has in the past and may in the future include an allocation of Carried Interest).

As described above, in certain circumstances, the relevant General Partner is expected to permit certain persons to co-invest in portfolio companies alongside one or more Funds, subject to Sentinel’s related policies and the relevant Limited Partnership Agreement(s) and/or Side Letter(s). Where a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise have been beneficial, in the judgment of the relevant General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will generally, but not always, be borne by some or all of the applicable Fund(s) (as described above under “Private Equity Fund Expenses” and “Junior Capital Fund Expenses”), and not by any potential co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Sentinel LLC does not receive a carried interest allocation (“**Carried Interest**”) for its advisory services to the Funds. Rather, each of Sentinel IV GP, Sentinel V GP, Sentinel VI GP and Sentinel Junior Capital GP receives a Carried Interest from Fund IV, Fund V, Fund VI and Junior Capital Fund I, respectively.

### *Private Equity Fund Carried Interest*

Sentinel IV GP receives a Carried Interest equal to 20% of each Limited Partner’s profits from Fund IV, subject to satisfaction of an 8% preferred return. Each of Sentinel V GP and Sentinel VI GP receives Carried Interest distributions that range from 20% - 25%, depending on the level of the applicable Fund’s returns, of each Limited Partner’s profits from Fund V and Fund VI, respectively, subject to satisfaction of a 9% preferred return. For detailed information regarding each Fund’s performance-based compensation, please refer to the applicable Fund’s Limited Partnership Agreement.

### *Junior Capital Fund I Carried Interest*

With respect to both sales proceeds and current income, Sentinel Junior Capital GP receives a Carried Interest equal to a specified percentage of each Limited Partner’s profits from Junior Capital Fund I, subject to satisfaction of a preferred return. For detailed information regarding Junior Capital Fund I’s performance-based compensation, please refer to Junior Capital Fund I’s Limited Partnership Agreement.

### Carried Interest Generally

If any Adviser receives Carried Interest distributions during the life of the applicable Fund which are, in the aggregate, in excess of the foregoing amounts, then such excess Carried Interest distributions will be subject to repayment by such General Partner. The Advisers do not advise Private Investment Funds not subject to a Carried Interest, although the Funds' respective General Partners generally have the authority to waive Carried Interest with respect to certain affiliated Limited Partners in the applicable Fund, as described under "Fees and Compensation".

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Sentinel generally considers performance-based compensation to better align its interests with those of its investors.

### **TYPES OF CLIENTS**

Sentinel provides investment advice to the Funds. Private Investment Funds include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds include, but are not limited to, individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and also include, directly or indirectly, principals or other employees of Sentinel LLC and its affiliates. The Funds are closed to new investors.

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

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **General**

The Advisers focus on buyout transactions on behalf of the Private Equity Funds. The Private Equity Funds were formed primarily to make control investments in lower middle market businesses in the United States and Canada through acquisitions and recapitalizations. The Advisers target transactions smaller than those pursued by many larger private equity firms and corporate buyers. The Advisers focus on eight industry sectors: aerospace and defense, business services, consumer products and services, distribution, food and restaurants, franchising, healthcare products and services, and industrial manufacturing.

With respect to the Junior Capital Funds, the Advisers focus primarily on the junior or mezzanine capital funding opportunities of the portfolio companies to be acquired by the Private

Equity Funds. Junior Capital Funds' investments are expected to be non-controlling and made generally in connection with a Private Equity Fund's acquisitions. In limited circumstances, the Advisers may also opportunistically invest a limited portion of a Junior Capital Fund's commitments in investments in prospective portfolio companies where the Private Equity Funds are not investing. The Advisers seek to invest Junior Capital Funds assets in the same industry sectors as the ones targeted by the Private Equity Funds.

There can be no assurance that the Advisers will achieve the investment objectives of the Funds and a loss of investment is possible.

### **Private Equity Investment and Operating Strategy**

Lower Middle Market Buyouts. The Advisers generally target buyouts in the lower end of the middle market for the Private Equity Funds.

For example, in the case of Fund VI, the relevant Advisers will generally target platform buyouts in the lower end of the middle market. The Advisers believe the lower middle market buyout market is generally less efficient than the middle or larger buyout markets, with buyouts in the lower end of the middle market generally trading at lower purchase multiples. From the Advisers' perspective, smaller companies generally have a need for, and tend to be responsive to, the managerial disciplines and governance practiced by the Advisers.

Value Orientation. The Advisers' emphasize value investing. The Advisers believe that value investing has enabled them to reduce risk through low entry pricing and to rely less on multiple expansion to achieve target returns.

Eight-Sector Industry Focus. The Advisers generally concentrate on eight industry sectors: aerospace and defense, business services, consumer products and services, distribution, food and restaurants, franchising, healthcare products and services, and industrial manufacturing. The Advisers believe they have considerable relevant investment experience, a proven record, and a network of important value-added relationships in these sectors. The Advisers also believe they have specialized industry knowledge enabling them to (i) achieve an early-mover advantage in sourcing transactions, (ii) react quickly to opportunities, and (iii) act with greater conviction. Sentinel believes these eight sectors represent a generous opportunity set of potential investments. The Advisers will also generally sell portfolio companies in industry sectors when the influx of additional strategic and financial capital makes them more expensive, and target for investment industry sectors when the outflow of strategic and financial capital presents greater value.

Operational Value-Added Strategy of Enhancing Portfolio Performance. The Advisers believe they are able to enhance portfolio company operating performance. The Advisers believe that improving portfolio company performance is a fundamental, reliable method for creating value and achieving attractive investment returns. The Advisers seek to add value in several ways, including by (i) upgrading management teams by recruiting qualified executives, (ii) mentoring and developing existing management, (iii) aligning the interests of management with shareholders, (iv) working with management teams to streamline strategic direction, (v) requiring the development and implementation of information systems and reporting protocols that enable the Advisers to monitor a company's operating performance in a timely fashion, (vi) advising on the sourcing and execution of accretive add-on acquisitions, and (vii) utilizing the Advisers' network of outside advisors and executives, many of whom serve on portfolio company boards and offer strategic and operational skills.

Proactive Deal Origination. The Advisers have dedicated a number of years to the lower middle market buyout segment and have established strong relationships with deal intermediaries, financing sources, and a broad network of C-level executives. The Advisers believe they have created a brand and a recognized franchise in the small buyout market. The Advisers' deal origination strategy is to generate as many investment opportunities as possible that are consistent with their general investment criteria, and of these, to primarily target those in which the seller invites a smaller group of hand-picked buyers to bid. The Advisers believe that through these processes they can pursue underperforming or complex opportunities that few other investors consider. In addition, in limited auctions, the ultimate buyer is often chosen based on qualitative factors, which the Advisers believe plays to their advantage.

Due Diligence and IT Assessment and Implementation Tailored to Smaller Businesses. The Advisers believe financial statements generated by lower middle market businesses are often unreliable. Therefore, the Advisers believe they have developed due diligence capabilities specifically tailored to smaller businesses to validate free cash flows, determine the quality of earnings, and perform proof-of-cash analyses.

### **Junior Capital Investment and Operating Strategy**

The Private Equity Funds historically have generated many opportunities for mezzanine investors in Sentinel portfolio companies. Sentinel believes that the Junior Capital Funds are well-positioned to capitalize on the junior capital requirements of the portfolio companies to be acquired by the Private Equity Funds in the future. Because a Junior Capital Fund will typically invest alongside a Private Equity Fund, the Junior Capital Funds' investment strategies with respect to an underlying portfolio company will generally echo the investment strategies of the relevant Private Equity Fund(s).

### **Risks of Investments**

As part of an investment firm making investments primarily in companies whose securities are not publicly traded, the Funds will be subject to the risks inherent in such investments. The performance of portfolio companies in which the Funds invest, and therefore the value of the Funds' portfolio investments, will be subject to many factors over which the Advisers may have limited or no control. Such portfolio investments involve a high degree of business and financial risk that can result in a loss of a Fund's entire investment in a portfolio company. Furthermore, developments in debt securities markets and the lending environment can seriously and adversely disrupt credit markets on which private equity and junior capital investors such as the Funds rely. There can be no assurance that turmoil in the credit markets or its effects will not affect the Advisers, the Funds, their investments or their portfolio companies.

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. Investors should review each Fund's Private Placement Memoranda for information regarding risks specific to each Fund. In general, the risks involved with the Advisers' investment strategy and an investment in the Funds include, but are not limited to:

### **Risks Applicable to All Funds**

#### **Business Risks**

The Funds' investment portfolios have in the past and are expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

### **Future and Past Performance**

The Funds are dependent on the Advisers. The performance of the Advisers' prior investments is not necessarily indicative of the Funds' future results. While the Advisers intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any Fund's or investment's targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

### **Concentration of Investments**

The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment and/or within a short period of time. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings may substantially affect their aggregate returns.

### **Lack of Sufficient Investment Opportunities**

The business of identifying, structuring and completing private equity transactions and related junior capital investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to many factors outside of the Advisers' control, such as prevailing market conditions, as well as the regulatory and political climate. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified or such investments cannot be executed at prices the Advisers believe to be attractive. However, Limited Partners will be required to bear the Management Fees through the Funds during their investment periods based on the entire amount of the Limited Partners' capital commitments and other expenses as set forth in the applicable Limited Partnership Agreement. Because during all or portions of a Fund's life, the Management Fee is calculated based on aggregate capital contributions funded, the Advisers may be incentivized to make investments, or invest greater amounts in a given investment, if they encounter a scarcity of investment opportunities.

### **Risks of Investments in Small and Medium-Sized Companies**

The Funds may invest in assets in a broad spectrum of securities, including junior capital and related equity, of companies that the Advisers believe to have attractive long-term growth potential. The Funds have the flexibility to invest in both small and medium-sized companies, as deemed appropriate by the Advisers. Like small companies, medium-sized companies often have limited product lines, markets or financial resources, and they may be dependent upon one or a few key people for management.

### **Illiquidity; Lack of Current Distributions**

The vast majority of the Funds' portfolio investments will be illiquid, and there is a significant risk that the Funds will be unable to realize portfolio investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which the Funds'

investments are made, changes in national or international economic or political conditions (including acts of war, terrorism, or other calamity or crisis), adverse conditions in national or global financial or capital markets, or changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made. Dispositions of portfolio investments may require a lengthy period of time or may result in distributions in-kind. It is uncertain when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time or a Fund may seek to recapitalize or otherwise return cash early in an investment's holding period, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on such investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee) may exceed its income, thereby requiring that the difference be paid from such Fund's capital. In addition, there can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions in the amounts necessary for its Limited Partners to pay all tax liabilities resulting from such Limited Partners' ownership of such Fund's limited partner interests. The Funds may also acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "**Securities Act**"). The Funds' abilities to dispose of investments may be dependent, in part, on the IPO market, which fluctuates in terms of both volume of transactions as well as the types of companies that are able to access the market. Accordingly, an investment in a Fund is not appropriate for investors seeking liquidity or a short-term cash return.

### **Borrowing Under Fund Credit Agreements**

The Funds are permitted to borrow, subject to certain limitations set forth in the Limited Partnership Agreements, including to fund investments prior to the receipt of a capital contribution pursuant to a capital call notice. Under credit agreements that the Funds have entered into for such purpose, commitments are pledged to the lender to secure such loans and in the event obligations thereunder are not met, lenders may proceed to satisfy any such liability against the assets of the Funds, including by issuing capital call notices to the respective Fund's Limited Partners up to the amount of any unfunded commitments. The use of leverage by the Funds also will result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of their investments. Although it has not been the case in the past, it is possible a Fund will incur leverage on a joint and several basis with one or more other Funds and entities managed by the Advisers and may have a right of contribution, subrogation or reimbursement from or against such Funds and entities. In addition, to the extent the Funds incur leverage (or provide such guarantees), such amounts may be secured by capital commitments and such capital contributions may be required to be made directly to the lenders instead of the Funds.

In addition, there can be no assurance that the Funds will be able to obtain indebtedness on terms available to its competitors or, in the case of the Junior Capital Funds, identify an Independent Investor, including terms that may be currently available in the market, or that indebtedness will be accessible by the Funds at any time, and to the extent that it is available there can be no assurance that such indebtedness will be on terms favorable to the Funds, including with respect to interest rates, or that such indebtedness will remain available throughout the term of the Funds. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. In addition, to the extent a Fund



incurs leverage (or provides such guarantees in respect of borrowing by its portfolio companies or affiliate Funds), such amounts may be secured by capital commitments and such capital contributions may be required to be made directly to the lenders instead of the Funds.

### **Reliance on the Advisers and Portfolio Company Management**

Control over the operation of the Funds will be vested with the Advisers, and the Funds' future profitability will depend largely upon the Advisers' business. The loss of service of one or more of the senior investment professionals of the Advisers (the "**Senior Professionals**") could have an adverse effect on the Funds' abilities to realize their investment objectives. In addition, the Senior Professionals currently manage multiple Funds and may in the future manage other investment vehicles besides the Funds (including potentially new product lines) and the Senior Professionals may need to devote substantial amounts of their time to the investment activities of any or all of such Funds and other vehicles as well as the launch of such additional product lines, which may pose conflicts of interest in the allocation of the time of the Senior Professionals. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the Advisers. Although the Advisers will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis.

### **Projections**

Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Sentinel in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in any projections will be attained, and actual results may be significantly different from projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

### **Advisory Committee**

The General Partners have in the past and are expected in the future to appoint one or more Limited Partner representatives to the advisory committees of the Funds. Such Limited Partners may disproportionately represent one or more of the vehicles comprising the relevant Fund. Each Fund's Limited Partnership Agreement provides that, to the fullest extent permitted by applicable law, none of the advisory committee members shall owe any fiduciary duties to such Fund or any other Partner of such Fund, provided that such members shall have the obligation to act in good faith. In addition, representatives of a Fund's advisory committee may have various business and other relationships with such Fund's General Partner and its partners, employees and affiliates, including investments in such Fund, other Funds and potentially other product lines and successor funds. These relationships may influence their decisions as members of the advisory committee. To the extent members of an advisory committee or Limited Partners vote on any Fund matter regarding conflicts or otherwise participate in Fund matters involving a vote or action thereby, any such Limited Partners may have an interest in other Funds or other Sentinel investment vehicles and, as a result, may not be motivated to vote solely in accordance with their interests related to the relevant Fund. Moreover, such Limited Partners are unrestricted from voting, and may affirmatively vote, in a manner that is adverse to the interest of other Limited Partners and the relevant Fund.

## **Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes**

There have been in the past and continue to be significant discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements, otherwise execute their investment strategies, or achieve their investment objectives.

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

Additionally, the 2017 U.S. tax legislation treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of the senior partners, employees, or other individuals associated with the Funds or the Advisers who were or may in the future be granted direct or indirect interests in the Funds' Carried Interest, which could make it more difficult for the Advisers to incentivize, attract and retain individuals to perform services for the Funds. This could also create an incentive for the Advisers to cause the Funds to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

## **Limitations on Liability; Indemnification of the Advisers**

The Limited Partnership Agreements set forth circumstances under which the Advisers, their principals, affiliates and their respective directors, officers, partners, members, employees, agents and other related parties (the "**Indemnified Persons**") are to be excused from liability to the Funds and their investors for damages or losses that the Funds or such investors may incur arising from any Indemnified Person's acts or omissions in connection with their performance of services for the Funds. As a result, the Funds and the investors may have a more limited right of action in certain cases against these persons than they might otherwise have had. Additionally, in the event that a claim is made against an Indemnified Person, such Indemnified Person may be entitled to be indemnified by a Fund, in which case the assets of such Fund would have to be used to indemnify such Indemnified Person for amounts incurred in connection with such claim and the amounts that would otherwise be payable to Limited Partners would consequently be reduced. Such indemnification obligations could materially impact the returns to Limited Partners of a Fund.

## **Limitation of Recourse and Indemnification**

The Limited Partnership Agreements will limit the circumstances under which an Adviser will be held liable to the relevant Fund. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Limited Partnership Agreements will provide that a Fund will indemnify the applicable Adviser(s)

for certain claims, losses, damages and expenses arising out of their activities on behalf of such Fund. Such indemnification obligations could materially impact the returns to Limited Partners.

### **Need for Follow-On Investments**

Following an initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient available 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 impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in lost opportunities for a Fund to increase its participation in successful operations.

Additionally, in the case of the Junior Capital Funds, the lead Independent Investor may itself face similar considerations, even where a follow-on investment may benefit a portfolio company or such Junior Capital Fund. In such cases a Junior Capital Fund may forego a follow-on investment that might be profitable for and/or benefit such Junior Capital Fund unless a new Independent Investor can be found or the advisory committee of such Junior Capital Fund and/or of the relevant Private Equity Fund(s) consents.

### **Non-U.S. Investments**

The Funds have in the past and may in the future invest in portfolio companies that are organized and operating outside the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the need to obtain any required regulatory clearances and approvals (which may involve significant time, expense, and uncertainty), the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of each Fund) and the application of complex tax rules to cross-border investments, possible imposition of foreign taxes on the Funds and/or the Partners with respect to the Funds' income, and possible foreign tax return filing requirements for the Funds and/or the Partners.

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

### **General Partners' Carried Interest**

The fact that the General Partners' Carried Interests are based on a percentage of net profits may create an incentive for the General Partners to cause the Funds to make riskier or more-speculative investments or to hold an investment longer than otherwise would be the case. Additionally, because the Carried Interests are payable only on profits, the General Partners may have an interest in increasing profits on assets at the expense of a more conservative

investment strategy that focuses on the return of invested capital. For example, if a Fund holds an investment on the expectation that its price will continue to rise, it may forego opportunities to liquidate the portfolio company at a time it can be assured of returning capital to the Limited Partners.

### **Transfer by General Partner**

To the extent the General Partner of a Fund, its partners, its principals and/or their respective affiliates commit to make a direct or indirect investment in a Fund or alongside a Junior Capital Fund, a participation in or all or any portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the applicable Fund's Limited Partnership Agreement.

### **Public Company Holdings**

The Funds' investment portfolios may contain securities and debt issued by publicly-held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Senior Professionals, and increased costs associated with each of the aforementioned risks.

### **Contingent Liability on Disposition of Investments**

In connection with the disposition of an investment, a Fund and its Advisers are typically required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities) in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. A Fund and its Advisers also are typically required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the relevant Fund and, ultimately, its Limited Partners.

### **Recourse to Fund Assets**

A Fund's assets, including any investments and any funds held by such Fund, are available to satisfy all liabilities and other obligations of such Fund. If a Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to such Fund's assets generally and not be limited to the particular investment giving rise to the liability.

### **Uncertain Economic, Social and Political Environment**

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the

difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

### **Significant Developments Stemming From Recent Changes in the U.S. Administration**

Public comments by key personnel within the new U.S. administration have suggested that the administration may not be supportive of certain existing international trade agreements, including the North American Free Trade Agreement ("**NAFTA**"). Further, the administration appears to support greater restrictions on trade generally and significant increases on tariffs on goods imported into the United States. At this time, it remains unclear what further actions the administration may take with respect to trade agreements, individual companies or countries, including whether and when tariffs on imports into the U.S. may be increased. The Advisers also cannot predict how other countries will respond to the new administration's actions, for example, whether legislation or regulations that would have adverse impacts on a Fund or its investments may be passed in other jurisdictions in response or related to any measures that may be imposed by the new administration. If the administration takes action to withdraw from or materially modify NAFTA or certain other international trade agreements, or to implement greater restrictions on free trade and significant increases on tariffs or duties, the business, financial condition and results of operation of certain of a Fund's portfolio companies or portfolio investments, and the performance of such Fund's investments in general, could be adversely affected.

### **Market Conditions**

The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the Funds' portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction and/or the inability of such Fund to dispose of investments at prices that the Advisers believe reflect the fair value of such investments. The impact of market and other

economic events may also affect the Funds' ability to raise funding to support their investment objectives.

## **Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments**

Changes in the global credit markets can make it more difficult for investment funds such as the Funds to obtain favorable financing for themselves or their investments or can affect the pricing for the Funds' investments or, in the case of the Junior Capital Funds, the availability of Independent Investors. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, dramatically reduces investor demand for high yield debt and senior bank debt, which in turn causes some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for itself or its investments. Moreover, such marketplace events may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the Funds' ability to realize their investments at favorable times or for favorable prices.

## **Non-Sentinel Service Providers**

Sentinel has entered into an exclusive relationship with Clutch Consulting LLC, an information technology due diligence, assessment and implementation advisory firm. The Outside Operating Partners, the Senior Advisory Partners (as defined in the Private Placement Memoranda), Sentry Resources LLC (as defined in the Private Placement Memoranda), EVA (as defined in the Private Placement Memoranda), Clutch Consulting LLC and their respective employees (collectively, the "**Non-Sentinel Service Providers**") are not employees of Sentinel and are not expected to have a Carried Interest in any investment made by the Funds. Non-Sentinel Service Providers, however, have in the past and may in the future receive compensation from Sentinel portfolio companies and be reimbursed for certain travel and other costs in connection with their services. Such compensation or reimbursement will not result in offsets to or reductions of the Management Fee. Non-Sentinel Service Providers are not subject to the restrictions on Sentinel persons such as conflicts of interest, priority of transaction opportunities and formation of other vehicles. In addition, Sentinel has in the past, and may in the future from time to time, directly employ one or more Employee Operating Partners, in which case Sentinel expects to bear any remuneration paid to such person while employed by Sentinel (which has in the past and may in the future include an allocation of Carried Interest).

## **Material Non-Public Information**

As a result of the operations of Sentinel and its affiliates, from time to time, Sentinel comes into possession of confidential or material non-public information. Therefore, Sentinel and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Sentinel's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

## **Valuation of Investments**

Generally, the General Partner of each Fund will determine the value of such Fund's investments for which market quotations are available based on publicly available quotations.

However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. The General Partner of the applicable Fund will determine the value of such Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the General Partners will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decisions of a Fund's General Partner with respect to an investment will represent the value realized by such Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by a Fund's General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

## **Cybersecurity**

Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Sentinel or one of its service providers holding its financial or investor data, Sentinel, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Sentinel's policies.

## **Private Equity Fund Risks**

### **Investment in Junior Securities**

The securities in which the Private Equity Funds are expected to invest are typically among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Private Equity Funds' investments once made.

### **Leveraged Investments**

The Private Equity Funds have in the past and are expected in the future to make use of leverage, for example, by incurring or having a portfolio company incur debt to finance a portion of a Private Equity Fund's investment in a given portfolio company. Leverage generally magnifies both the Private Equity Funds' opportunities for gain and the risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions



and guidelines). The state of the broader credit markets is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. In these circumstances, a Private Equity Fund would be required to deploy additional capital commitments, to the extent available, which would further increase concentration in such Private Equity Fund. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Private Equity Fund's investments to any deterioration in a company's condition or industry sector, competitive pressures, an adverse economic environment, or rising interest rates and could accelerate and magnify declines in the value of a Private Equity Fund's investments in the leveraged portfolio companies in a down market. It is possible that a leveraged portfolio company in which a Private Equity Fund invests will not have sufficient cash flow to pay its current debt service obligations as they become due or will not be able to refinance its outstanding indebtedness on favorable terms, or at all, upon maturity. It is anticipated that certain portfolio companies will have outstanding variable rate debt. If a portfolio company is unable to timely meet its payment obligations or fails to satisfy applicable financial covenants, the portfolio company's lenders typically will have the ability to exercise a variety of remedies under the relevant credit documents, including foreclosing on the assets of the portfolio company that are used to secure the underlying debt. Any rights of a Private Equity Fund as an equity holder will be junior to the rights of the portfolio company's lenders, and investments by a Private Equity Fund in leveraged portfolio companies could be reduced or even eliminated. Furthermore, should the credit markets be limited or costly at the time a Private Equity Fund determines that it is desirable to sell all or a part of a portfolio company, such Private Equity Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Private Equity Funds will invest generally are not rated by a credit rating agency.

### **Risks Arising from Provision of Managerial Assistance and Control**

A Private Equity Fund will often obtain rights to participate substantially in, and to influence, the management of such Private Equity Fund's portfolio companies, including the right to appoint representatives to the boards of directors of such portfolio companies. A Private Equity Fund typically will designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures intended to influence the management of portfolio companies could expose the assets of a Private Equity Fund to claims by a portfolio company, its security holders and its creditors. While the Advisers will manage the Private Equity Funds in a way that is intended to minimize exposure to these risks, the possibility of successful claims or settlements of claims at significant cost cannot be precluded.

### **Lack of Unilateral Control**

Even if a Private Equity Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Private Equity Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of such Private Equity Fund or its Limited Partners. Such third parties may be in a position to take action contrary to a Private Equity Fund's business, tax or

other interests, and such Private Equity Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

### **Junior Capital Fund Risks**

#### **Leveraged Nature of Junior Capital or “Mezzanine” Investments**

The portfolio companies and/or holding entities in which the Junior Capital Funds will invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on a Junior Capital Fund's investments when due. The leveraged capital structure of portfolio companies will increase the exposure of the Junior Capital Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. The Junior Capital Funds' investments typically are unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the relevant Junior Capital Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Junior Capital Fund. Furthermore, the companies and securities in which the Junior Capital Funds will invest generally will not be rated by a credit rating agency.

#### **Disproportionate Impact of Single Investments**

The lower return profile typical of most mezzanine investments may result in an unsuccessful investment having a disproportionate adverse impact on a fund focused on junior capital investments as compared with the impact of an unsuccessful equity investment on a private equity fund.

#### **Character of Income for Tax Purposes; Phantom Income**

It is anticipated that the Junior Capital Funds may generate substantial ordinary income in addition to capital gains. Based on the Junior Capital Fund entities' status as partnerships for U.S. federal income tax purposes, each Limited Partner will be required to recognize its allocable share of the taxable income and gain of the applicable Junior Capital Fund entity. A Limited Partner's tax liability for a year may exceed such Limited Partner's cash distributions for such year.

Certain anticipated features of the Junior Capital Funds' investments (including mezzanine investments with a pay-in-kind or contingent interest structure or with an issue discount, including issue discounts attributable to a Junior Capital Fund's receipt of closing fees or “points” or a related acquisition by a Junior Capital Fund of warrants or other equity instruments) could cause investors to incur income tax liabilities in excess of any distributions from such Junior Capital Fund. In addition, the Junior Capital Funds may invest in securities of corporations and other entities organized outside the United States. Income from such investments included in a Limited Partner's distributive share of a Junior Capital Fund's income may be subject to tax without a corresponding receipt of cash by such Junior Capital Fund.

Furthermore, there can be no assurance that any Junior Capital Fund will have sufficient cash flow to permit it to make annual distributions in the amounts necessary for its Limited Partners to

pay all tax liabilities resulting from such Limited Partners' ownership of limited partner interests in such Junior Capital Fund.

### **Non-controlling Investments**

The Junior Capital Funds anticipate that they will principally hold debt and equity obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect their positions in such portfolio companies. However, a Junior Capital Fund will generally act in accordance with the lead Independent Investor, which will seek appropriate creditor and shareholder rights to help protect such Junior Capital Fund's interest. In addition, mezzanine securities that the Junior Capital Funds are expected to acquire are typically junior to the obligations of a borrower to senior creditors, senior secured creditors and trade creditors, and, therefore, the ability of a Junior Capital Fund to use its position as a holder of mezzanine debt to influence a borrower's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors and senior secured creditors. Further, debt obligations may be syndicated to a number of different financial market participants and the terms of such debt obligations may require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a bankruptcy plan of reorganization is done on a class basis. As a result of these voting regimes and the Junior Capital Funds' agreement to generally vote alongside the lead Independent Investor rather than in the discretion of the relevant Junior Capital Fund's General Partner, a Junior Capital Fund would not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring, or reorganization of debts owed to such Junior Capital Fund. Accordingly, the other holders of the class of securities or other instruments held by a Junior Capital Fund may approve an action that is contrary to the interests of such Junior Capital Fund or that the General Partner of such Junior Capital Fund does not agree with. Other holders may have interests that conflict with or differ from the interests of a Junior Capital Fund.

### **Risks Related to Debt Investment**

The Junior Capital Funds are expected to make debt investments that may become non-performing in the future. In addition to the risks of borrower default, portfolio company assets may be mismanaged or otherwise may have declined in value and/or may in the future decline in value. Borrowers may contest enforcement of credit agreements or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability. Moreover, in certain situations, because a Junior Capital Fund, in the exercise of its remedies or rights under loan documents, may obtain contractual rights to participate in or to influence the management of borrowers, the likelihood is increased that a borrower may claim that such Junior Capital Fund interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. The exercise of remedies may not be led or controlled by the relevant Junior Capital Fund, and may be led or controlled by a holder of a different class of securities which may be in conflict with the interests of such Junior Capital Fund. As a lender, a Junior Capital Fund may also be subject to penalties for violations of state usury limitations, which may result in penalties assessed against such Junior Capital Fund or other liability to such Junior Capital Fund.

The Junior Capital Funds' investments may be subject to early redemption features, refinancing options, pre-payment options, or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by a Junior Capital Fund earlier than expected. For

example, it is common for second lien debt to be repaid prior to its maturity; thus, the actual duration of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which issuers prepay debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the issuer's financial condition, and competitive market conditions among lenders.

In addition, investments in debt may involve workout negotiations or restructuring. However, even if a restructuring were successfully accomplished, there are risks of a substantial reduction in the interest rate and/or a substantial write-down of the principal of such debt, each of which may also have adverse tax consequences.

### **Credit Risks of Investments in Debt Securities**

Debt portfolios are subject to credit risk, which is the likelihood that an issuer will default in the payment of principal and/or interest on an instrument, and interest rate risk, which is the risk associated with market changes in interest rates. Financial strength and solvency of an issuer are the primary factors influencing credit risk. Borrowers may face intense competition, changing business and economic conditions, or other developments that may adversely affect their performance and increase credit risk. In addition, subordination or lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment. In addition, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability in response to actions to enforce debt obligations. If any of the above occurred, a Junior Capital Fund's investment in such financial assets could be adversely affected.

### **Interest Rate Risk**

Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of the credit investments in a Junior Capital Fund's portfolio or the pricing of acquisitions. The ability of companies or businesses in which a Junior Capital Fund may invest to refinance debt instruments or repay debt obligations (including making payments to such Junior Capital Fund as a creditor with respect thereto) may depend on their ability to obtain financing, including by selling new securities or instruments in the high yield debt or bank financing markets, which at certain points have been extraordinarily difficult to access at favorable rates. Volatility and instability in the credit or securities markets may also increase the risks inherent in a Junior Capital Fund's investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities and other instruments) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. The current consensus is that the U.S. Federal Reserve will continue to tighten the monetary supply and increase benchmark interest rates, which may have a negative impact on the price of debt instruments globally and could adversely affect the value of a Junior Capital Fund's investments. Additional factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, and instability in domestic and foreign financial markets. The

Advisers expect that each Junior Capital Fund will periodically experience imbalances in its assets and liabilities as a result of changes in interest rates. In a changing interest rate environment, a Junior Capital Fund may not be able to manage this risk effectively. If a Junior Capital Fund is unable to manage interest rate risk effectively, such Junior Capital Fund's performance could be adversely affected. While the Junior Capital Funds may seek to do so, they are not required to hedge their interest rate risk.

### **Prepayment of Investments**

While an investment may have a stated maturity, borrowers may prepay their debt obligations prior to such maturity. Early prepayment, particularly by good credits, reduces a Junior Capital Fund's opportunity to make long-term compounded returns. Later prepayment, particularly by weaker credits, can tie up a Junior Capital Fund's capital in investments which may have a greater risk of default. Either way, the shortening or lengthening of the holding period may prevent a Junior Capital Fund from realizing its projected returns.

### **Uncertain Exit Strategies**

Although a Junior Capital Fund will often invest with the intention of holding a debt security to maturity or exit alongside the relevant Private Equity Fund, in some cases, the Independent Investor may determine it is advisable to exit a position earlier or, in other cases, the relevant Private Equity Fund may determine it is advisable to prepay, redeem or refinance the debt security earlier. However, due to the illiquid nature of some of the positions which a Junior Capital Fund is expected to acquire, the General Partner of such Junior Capital Fund will be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political, or other factors.

### **Nature of Mezzanine and Other Subordinated Investments**

Most of the Junior Capital Funds' investments will consist of debt and equity securities and/or other instruments, loans or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Mezzanine and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated debt generally is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and are often unsecured.

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders (including the lead Independent Investors) to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the subordinated creditors of their rights. Accordingly, a Junior Capital Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. Further, the unsecured debt in which a Junior Capital Fund may invest may not be protected by financial covenants or limitations upon

additional indebtedness, could have limited liquidity, and may not be rated by a credit rating agency.

Subordinated debt investments may increase a Junior Capital Fund's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy, or deterioration in the condition of the portfolio company on the subordinated debt investment. Conversely, mezzanine loans and other subordinated debt investments are often less risky than equity investments because the claims of subordinated debt investors are typically senior to those of equity holders in the company. In the event that any portfolio company on a mezzanine loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of a Junior Capital Fund's investment in such loan could be significantly reduced or even eliminated.

If a portfolio company becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of mezzanine and subordinated debt may be adversely affected. Such proceedings and related laws and remedies may vary substantially from jurisdiction to jurisdiction, may create the right of such portfolio company to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to a Junior Capital Fund. With respect to a Junior Capital Fund's investments in the form of subordinated debt instruments, upon any distribution to the relevant borrower's creditors in a bankruptcy, liquidation, or reorganization, or similar proceeding, the holders of such borrower's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on such Junior Capital Fund's investment. In the event of a bankruptcy, liquidation, or reorganization, or similar proceeding relating to such a borrower, a Junior Capital Fund will typically participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such borrower may not have sufficient funds to pay all of its creditors, and such Junior Capital Fund may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such borrower or the holders of indebtedness that is not subordinated.

### **Investments in Convertible Debt**

A Junior Capital Fund may make investments in convertible debt securities and/or other instruments. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy, and domestic or worldwide economic conditions.

### **Covenant-Lite Loans**

There will likely be instances in which a Junior Capital Fund's investments do not require the maintenance of financial covenants ("**Covenant-Lite Loans**") in the related loan documentation. An investment in a Covenant-Lite Loan may potentially hinder the ability to re-price credit risk associated with a portfolio company's performance and reduce the creditors' ability to restructure a non-performing loan and mitigate potential loss. As a result, a Junior Capital Fund's exposure to losses may be increased, which could result in an adverse impact on such Junior Capital Fund's return to its Limited Partners.

## **Warrants**

A Junior Capital Fund may receive warrants, and in certain circumstances prior to exit, may choose to or be required to exercise such warrants in order to hold the underlying securities. A Junior Capital Fund would seek to negotiate “cashless” exercise for all warrants that it receives, whereby no investment will be required to convert; however, on occasion it may not be possible to negotiate such “cashless” exercise, and such Junior Capital Fund may be required to invest cash to convert warrants and hold underlying securities, which may subsequently lose some or all of their value.

## **Issuer Fraud; Breach of Covenant**

A Junior Capital Fund (or the lead Independent Investor(s) on behalf of such Junior Capital Fund) will generally seek to obtain structural, covenant, and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to a Junior Capital Fund's investments will achieve their desired effect and potential investors should regard an investment in a Junior Capital Fund as being speculative and having a high degree of risk. Of paramount concern in investments in debt instruments is the possibility of material misrepresentation or omission on the part of the company. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the debt or enterprise value of the companies or may adversely affect the ability of a Junior Capital Fund to perfect or effectuate a lien on any collateral securing the debt. A Junior Capital Fund will rely upon the accuracy and completeness of representations made by companies to the extent reasonable when it makes its investment decisions, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Junior Capital Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

## **Risks Associated with Bankruptcy Cases**

A Junior Capital Fund may invest in companies that may enter into, chapter 11 bankruptcy or insolvency proceedings. The markets in bankruptcy claims are not generally regulated by U.S. federal securities laws or the SEC. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of the relevant Junior Capital Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor.

As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to a company and/or the relevant Junior Capital Fund, and is subject to unpredictable and lengthy delays. In addition, during the process, a company's competitive position may erode, key management may depart, and the company may not be able to invest adequately in the operations of its business. In some cases, a company may not be able to reorganize and may be required to liquidate assets. Decisions by a Junior Capital Fund to invest primarily in the debt of such companies may not be protective of such Junior Capital Fund's economic interests, as the debt of companies in the process of financial reorganization generally will not pay current interest, may not accrue interest during reorganization, and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of “substantially similar” claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Junior Capital Fund’s influence with respect to a class of claims can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims (for example, claims for taxes) that have priority by law over the claims of certain creditors may be quite high.

A bankruptcy proceeding involving a portfolio company in which a Junior Capital Fund and a Private Equity Fund have investments could create conflicts of interest in which actions or decisions that may be beneficial to one party, and adverse to another, are presented to the Advisers. While a Junior Capital Fund generally will be subject to the actions and decisions of the lead Independent Investor, there can be no assurance that such investor will act in the best interests of such Junior Capital Fund or that the relevant Private Equity Fund will not seek and receive benefits that may operate to the detriment of such Junior Capital Fund and its Limited Partners, and the General Partner of such Junior Capital Fund shall not be deemed to have violated its fiduciary duty in such event.

### **Future Funding Obligations**

A Junior Capital Fund may from time to time incur funding obligations that may arise in the future in connection with an investment. For example, a Junior Capital Fund may purchase from a lender or issue a credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, such Junior Capital Fund would be obligated to fund the amounts due.

### **Equitable Subordination**

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of an issuer to the detriment of other creditors of such issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control an issuer to the detriment of other creditors of such issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). Due to the nature of the debt obligations, a Junior Capital Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated. This equitable subordination risk may particularly result from a Junior Capital Fund making investments in portfolio companies owned and controlled by the Advisers and their affiliates. Particularly, in a bankruptcy proceeding, a Junior Capital Fund’s investment in a portfolio company may be subordinated or otherwise adversely affected by virtue of such Sentinel affiliation with such Junior Capital Fund and its ownership of the particular portfolio company.

### **Lender Liability Considerations**

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, including equitable subordination (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that the institutional lender has violated a duty (whether implied or



contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower. Furthermore, a Junior Capital Fund may be unable to control the conduct of the lenders under a loan syndication agreement requiring less than a unanimous vote, yet such Junior Capital Fund may be subject to lender liability for such conduct.

### **Non-U.S. Bankruptcy Laws**

Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority, and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. Please see “Risks Associated with Bankruptcy Cases” above.

### **Non-Payment of Principal and Interest; Adequacy of Collateral**

A Junior Capital Fund’s investments are subject to the risk of non-payment of scheduled interest or principal by the issuers with respect to such investments. Such non-payment would likely result in a reduction of income to the relevant Junior Capital Fund and a reduction in the value of the investments experiencing non-payment. Although its holdings generally will be unsecured, a Junior Capital Fund may make investments that the General Partner of such Junior Capital Fund believes are secured by specific collateral, the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the issuer’s obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of an issuer, a Junior Capital Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment.

### **Time Required for Maturity of Investments**

Certain investments may have maturities longer than the maturity of a Junior Capital Fund. Furthermore, a Junior Capital Fund may, in connection with collateral held by it (if any), acquire non-marketable common or preferred equity securities and other illiquid assets with equity participation features, which, to the extent that they have value at all, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant distributions to Limited Partners of a Junior Capital Fund will occur for a number of years from the date of the applicable capital contributions with respect to such investments, and certain investments may be disposed of upon dissolution of such Junior Capital Fund for less than their potential value.

### **Inability to Vote Certain Positions**

As a result of voting agreements or other arrangements relating to certain issuers, securities or instruments in which a Junior Capital Fund is invested, including as required by arrangement with the Private Equity Funds or an Independent Investor, the General Partner of such Junior Capital Fund or its affiliates will restrict its ability to vote or take other actions with respect to such issuers or securities. In such situations, the General Partner of such Junior Capital Fund will not be able to vote or take other actions with respect to such issuers or securities in the

manner that it otherwise would believe to be in the best interests of such Junior Capital Fund and may affirmatively take actions on behalf of the Private Equity Funds or at the direction of the Independent Investor that are detrimental to such Junior Capital Fund.

### **Lack of Sufficient Debt Investment Opportunities**

It is possible that a Junior Capital Fund will never be fully invested if enough sufficiently attractive investments are not identified and/or if the lead Independent Investor does not offer such Junior Capital Fund all or any portion of the relevant investment opportunity. There may be fewer opportunities for junior capital investments if the presence of a Junior Capital Fund means certain buyers would not satisfy minimum requirements. On deals when there is no Private Equity Fund investment, the relevant Junior Capital Fund will compete for investment opportunities with a number of other sources of capital with similar investment objectives, including other private investment funds (particularly those focused on mezzanine investments), financial institutions and other institutional investors, some of whom have greater capital and general partners or other decision-makers or controlling persons who are more experienced in the junior capital financing area. In addition, companies seeking an infusion of capital may choose to draw upon the public debt or equity markets, or obtain first and/or second lien debt financing instead of issuing privately placed junior capital securities.

### **Lack of Control over Portfolio Companies**

The Advisers will typically have board representation and other control rights with respect to the portfolio companies in which the Junior Capital Funds invest, and they will primarily exercise such rights for the benefit of the Private Equity Funds and not for the Junior Capital Funds. The Junior Capital Funds will typically not have voting rights and will be deferring to the lead Independent Investor on negotiation of terms or if difficulties arise for a portfolio company in meeting its debt or other obligations. Such lead Independent Investor may have been selected for pricing reasons or for other relationships with the Advisers, and might therefore take into account interests that are not aligned with those of the relevant Junior Capital Fund or seek objectives that are not shared by such Junior Capital Fund, and such lead Independent Investor may have limited experience with the industry in question.

### **Conflicts of Interest**

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

During the investment period of a Fund, Sentinel generally will pursue all appropriate investment opportunities that meet the investment criteria of such Fund, principally for the benefit of such

Fund, subject to certain exceptions set forth in each Fund's Limited Partnership Agreement. However, Sentinel currently manages, and expects in the future to manage, a number of Funds and other investment vehicles whose investment strategies may resemble or differ from that of a Fund. During the life of a Fund, the Sentinel principals and investment professionals may spend a portion of their business time and attention pursuing investment opportunities for such other Funds and vehicles and may direct certain relevant investment opportunities to those Funds and vehicles. Conflicts may arise in the allocation of the time and attention of the Sentinel principals among a Fund and other Funds. Such other Funds and portfolio companies that Sentinel and its affiliates may control may compete with a Fund or companies acquired by such Fund. At such time as Sentinel is permitted to raise a successor investment fund to a Fund, Sentinel will continue to manage such Fund's investments, but the Sentinel principals also may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments. Sentinel believes that the significant investment of the Sentinel principals in a Fund, as well as Sentinel's interest in the Carried Interest, operate to align, to some extent, the interest of the Sentinel principals with the interest of such Fund's Limited Partners, although the Sentinel principals have economic interests in such other Funds and investments as well and receive Management Fees and Carried Interests relating to these interests. These conflicts may be heightened in the case of managing a Junior Capital Fund as Sentinel generally receives higher rates in Management Fees and Carried Interest from a Private Equity Fund than a Junior Capital Fund, and the investment of the Sentinel principals in the Private Equity Funds is substantially greater than their investment in the Junior Capital Funds. It is generally expected that the Sentinel principals will spend the primary portion of their business time and attention pursuing investment opportunities for the Private Equity Funds and the principals will have no specific time and attention requirements for the Junior Capital Funds and monitoring of portfolio companies will be principally for the benefit of the Private Equity Funds.

Certain investments may be allocated among the Funds in a manner as set forth in the applicable Limited Partnership Agreements. In determining the level of participation in such investment opportunities among such Funds, Sentinel is subject to conflicts of interest among the Limited Partners in such Funds. Investments by more than one Fund in a portfolio company may also raise the risk of using assets of a client of Sentinel to support positions taken by other clients of Sentinel. There can be no assurance that any Fund's return from such a transaction would be equal to and not less than another Fund participating in such transaction or that it would be as favorable as it would have been had such conflict not existed.

To determine which Fund(s) will participate in an investment opportunity, Sentinel generally assesses whether such investment opportunity is appropriate for each Fund based on such Fund's Limited Partnership Agreement as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant Funds' Limited Partnership Agreement, where applicable); strategy; risk profile; time horizon; tax sensitivity; tolerance for turnover; asset composition, diversification limitations; cash level (if any); applicable tax and regulatory considerations; life cycle; structure and other relevant factors. A Fund may invest together with other Funds in the manner set forth in the relevant Limited Partnership Agreements. Subject to the terms of the relevant Limited Partnership Agreements, Sentinel will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with Sentinel's obligations and may take into consideration factors such as those set forth above.

A Junior Capital Fund may not invest in certain junior capital securities or may not receive a full allotment, even where a Private Equity Fund acquires a company, if there is no Independent Investor or the Independent Investor does not make sufficient securities available to such Junior

Capital Fund. In addition, a Junior Capital Fund is expected to hold different amounts, on a relative basis (by both dollars and percentage) in the debt securities of certain portfolio companies as compared to others because (i) the Independent Investor demands (or conversely is unwilling to take) a greater percentage of the debt securities in order to consummate the investment on attractive terms or (ii) Sentinel determines that such Junior Capital Fund should acquire a smaller percentage of the debt securities, based on a range of factors, including, but not limited to capital available to such Junior Capital Fund, the size of the transaction, portfolio diversification, investment guidelines, tax or regulatory considerations, risk allocation, contractual prohibitions and/or portfolio balance. Investments in which a Junior Capital Fund receives a comparatively larger allocation of the available opportunity, particularly if the lead Independent Investor was not willing to take a larger percentage, may reflect a higher risk of loss or other features viewed as negative by such Independent Investor (or competing bidders that did not acquire such debt securities), and therefore losses may occur disproportionately in such Junior Capital Fund's larger holdings, which would negatively affect such Junior Capital Fund's performance.

Following its determination of allocation among the Funds, Sentinel will determine if the amount of an investment opportunity allocated to one or more Funds exceeds the amount that would be appropriate for such Fund(s). In the event that Sentinel determines that the available amount of an investment opportunity exceeds an appropriate amount for the relevant Fund(s), any such excess may be offered to one or more potential co-investors, including third parties, subject to the applicable Fund's Limited Partnership Agreement and Sentinel's procedures regarding allocation. Sentinel has in the past provided, and Sentinel may, in its sole discretion, provide or commit to provide co-investment opportunities to third parties, in each case on terms to be determined by Sentinel in its sole discretion (and with respect to a Junior Capital Fund is generally required to seek participation of an Independent Investor). Although such opportunities have generally not been offered to Limited Partners (other than Outside Operating Partners or former portfolio company executives that may also be Limited Partners), from time to time and as permitted by the applicable Limited Partnership Agreements, such opportunities may be provided to Limited Partners (and with respect to a Junior Capital Fund, including serving the role of an Independent Investor). Co-investment opportunities may, and typically will, if any Limited Partner is involved, be offered to some and not to other Limited Partners. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the applicable General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Sentinel's procedures permit Sentinel to take into consideration a variety of factors in allocating co-investment opportunities, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Sentinel's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Sentinel's ability to execute the relevant transaction in the desired time or on desired terms; any services provided by the prospective co-investor with respect to the investment opportunity or to the issuer or portfolio company relating thereto; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; and whether Sentinel believes that allocating investment

opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or Sentinel. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made by a General Partner in its sole discretion to one or more persons for any number of reasons as described above, may not be in the best interests of the relevant Fund or any individual Limited Partner.

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

Additionally, in limited circumstances, a Junior Capital Fund may co-invest with a Private Equity Fund in a portfolio company without the participation of an Independent Investor with the consent of the respective advisory committees of such Private Equity and Junior Capital Fund (including in scenarios where the amount of junior capital securities to be offered in the applicable opportunity is considered too small to constitute an attractive opportunity for a prospective Independent Investor). Such co-investments may involve the allocation between a Private Equity Fund and a Junior Capital Fund of expenses incurred and fees generated in the course of evaluating and making such investments. All fees, costs, expenses, obligations and liabilities relating to or attributable to unconsummated investments in a prospective portfolio company in which it was contemplated that a Junior Capital Fund could participate alongside a Private Equity Fund will be allocated solely to such Private Equity Fund and not such Junior Capital Fund unless an Independent Investor has been identified and has agreed to bear its portion of such fees, costs, expenses, obligations and/or liabilities (in which case such Junior Capital Fund generally will bear amounts proportional therewith) or if the investment is pursued for such Junior Capital Fund after a Private Equity Fund has already participated.

Any Offset Fees that are received by Sentinel from a portfolio company in which both a Junior Capital Fund and a Private Equity Fund have invested will generally be applied solely against such Private Equity Fund's Management Fee except that Offset Fees received by a Junior Capital Fund or its General Partner in proportion to such fees received by or allocable to the lead Independent Investor or its manager generally will be applied against such Junior Capital Fund's Management Fee.

The Private Equity Funds have in the past co-invested with, and may co-invest with, third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the relevant Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner or bear costs, expenses or other obligations in a manner disproportionate to such Fund's interests in such co-venture or co-investment. There can be no assurance that a Fund's return from a transaction will be equal to and not less than the return of another party that was allocated a co-investment

opportunity and that is participating in the same transaction. Furthermore, a Fund or an affiliate thereof may have the right to appoint directors and/or officers in respect of certain portfolio investments of such Fund. Such rights, if applicable, are typically granted for the benefit and protection of a Private Equity Fund in respect of such Private Equity Fund's investment in the related portfolio investment. If there are any co-investors and/or co-investment vehicles that participate in the applicable investment alongside a Private Equity Fund, such co-investors may incidentally benefit as a result of any such appointments by such Private Equity Fund. Co-investors (including their respective co-investment vehicles, even if managed by Sentinel) will not typically bear the cost of D&O and/or other applicable liability insurance related to such appointments by a Fund or an affiliate.

Sentinel expects that most of a Junior Capital Fund's investments will be made in or with the same portfolio companies or issuers as the Private Equity Funds, and a Junior Capital Fund generally will make such investments, unless otherwise agreed to by its advisory committee or unless the investment is a transaction in which such Junior Capital Fund invests by itself without co-investing alongside a Private Equity Fund, in substantially the same type of junior capital securities acquired by, and made on substantially the same terms (including pricing) as have been accepted by, one or more Independent Investors in such issuance of securities (other than a Private Equity Fund); provided that the Independent Investors are collectively acquiring at least 51% of the total issuance of junior capital securities of a particular portfolio company in which a Junior Capital Fund is investing, and will possess (collectively or through a representative) at least 51% of the control rights (including pursuant to voting agreements, negative covenants or similar provisions).

Notwithstanding the foregoing, if a Junior Capital Fund has made an initial investment in a Private Equity Fund portfolio company in the same class of securities as such Private Equity Fund, it may exercise certain rights or options, such as preemptive rights, regardless of whether the relevant Independent Investor exercises its equivalent right. In addition, in the event that a follow-on investment opportunity arises in respect of a portfolio company in which both a Junior Capital Fund and a Private Equity Fund are invested, and the Independent Investor elects not to participate because, among other things, it does not have sufficient available funds to do so, such Junior Capital Fund will not be prohibited from participating in such follow-on opportunity so long as a separate Independent Investor agrees to invest in such follow-on investment opportunity and such investment by such Junior Capital Fund is made on substantially the same terms (including price) as have been accepted by such separate Independent Investor. Further, in the event that an Independent Investor elects to sell or otherwise transfer its interest to a separate Independent Investor, a Junior Capital Fund will have the right to either take such actions as are consistent with such Independent Investor or deem such person acquiring such interests as a replacement Independent Investor. The Private Equity Funds may accelerate terms or take actions with respect to portfolio companies that negatively impact the value or rights with respect to junior capital securities held by a Junior Capital Fund.

Furthermore, Independent Investor(s) may have other business relationships with Sentinel, which may affect negotiations and/or actions following a default that may affect Sentinel's ability to maximize value for a Junior Capital Fund. Sentinel will typically use the same service providers as an Independent Investor in connection with their respective investments, but such service providers will be instructed to act in accordance with the foregoing guidelines and, consequently, a Junior Capital Fund may not be represented by advisers that are acting independently of a Private Equity Fund or such Independent Investor, as applicable.

These and other situations will involve potential conflicts of interest. Any investment by a Junior Capital Fund in an entity in which a Private Equity Fund has a pre-existing investment (or vice versa) could be viewed, especially in hindsight, to have been made based on a non-arms-length valuation. Similarly, a Private Equity Fund may later invest in entities in which a Junior Capital Fund has invested, which may have an effect (either positive or negative) on the market price of such Junior Capital Fund's investments. In circumstances in which a Junior Capital Fund makes an investment in an entity in which a Private Equity Fund has a pre-existing investment, such Private Equity Fund expects to make business decisions relating to such investment (such as, for example, financing or hedging interest rate, currency or credit risk) independently of the analogous decisions made with respect to such investment by the Junior Capital Fund. This may result in situations where a Junior Capital Fund chooses not to hedge certain risks that a Private Equity Fund does hedge (or vice versa), or the possibility that a Junior Capital Fund is exposed to risks of financing (for example, possible margin calls) on an investment when a Private Equity Fund is not (or vice versa). Although Sentinel will employ procedures to address such conflicts, there can be no assurance that such conflicts will be resolved in a manner that is favorable to a Junior Capital Fund and its Limited Partners. Subject to the terms of a Junior Capital Fund's Limited Partnership Agreement, in the event that a portfolio company in which such Junior Capital Fund and a Private Equity Fund each hold an interest becomes financially troubled, Sentinel may be required to take actions consistent with those of the relevant Independent Investor with respect to such portfolio company and shall not be deemed to have violated any duty to such Junior Capital Fund in such scenario and Sentinel will act on behalf of the relevant Private Equity Fund without consideration of such Junior Capital Fund's interests. In addition, no assurance can be made that the fact a Junior Capital Fund is investing in the same portfolio companies or issuers as a Private Equity Fund will not cause some Independent Investors to cease investing with Sentinel or to modify the terms of the relevant junior capital opportunity.

Junior Capital Funds and the Private Equity Funds are likely to invest in different parts of the capital structure of the same portfolio company and will face conflicts of interests when doing so. For example, (i) a Private Equity Fund will hold equity securities while a Junior Capital Fund may hold loans and securities that, at the time of initial investment, have attributes such as liquidation or other preferences, interest, coupon, or other debt-like features, including, without limitation, instruments (which may be equivalent to securities held by a Private Equity Fund) issued in respect of warrants, conversion rights or other rights with respect to equity securities related to mezzanine investments and/or equity securities of the same portfolio company or (ii) a Junior Capital Fund may hold a certain class of debt instruments while a Private Equity Fund holds a different class of preferred or debt-like instruments of the same portfolio company. To the extent that a Junior Capital Fund invests in a debt instrument of a portfolio company in which a Private Equity Fund holds or will hold equity securities, Sentinel expects to be subject to conflicts of interest in participating in the negotiations with the Independent Investor(s) regarding the terms of such debt instrument and in managing such Junior Capital Fund's and such Private Equity Fund's investments in such portfolio company on a going-forward basis. Conflicts may arise between a Junior Capital Fund and a Private Equity Fund in negotiating, generally along with the Independent Investor, as to the price of the debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders, and the other terms and conditions of investment or in addressing subsequent amendments or waivers. There can also be conflicts as a Private Equity Fund may desire optimal flexibility to grow the portfolio company, while the Independent Investor may want to place tighter restrictions on the type and the amounts of permitted investments and acquisitions. For example, in controlling a company,

a Private Equity Fund could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets, or other similar transactions that may enhance the value of the equity investment with respect to such Private Equity Fund, but that would potentially also increase the risk of a Junior Capital Fund's debt investment in such company. Further, because of the different legal rights associated with debt and equity investments of the same portfolio company, Sentinel may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, such Junior Capital Fund versus such Private Equity Fund. Questions may arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt investments should be refinanced or restructured. In addition, the interests of a Junior Capital Fund and a Private Equity Fund may diverge significantly in the case of financial distress of the company. Moreover, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of a Junior Capital Fund to provide such additional financing. If a Private Equity Fund had the potential to incur a loss on its investment as a result of such difficulties, Sentinel's ability to recommend actions in the best interests of a Junior Capital Fund might be impaired. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, are expected to raise conflicts of interest with respect to a Junior Capital Fund and a Private Equity Fund, whose interests are likely to diverge in such situations. For example, a Junior Capital Fund could be more senior or more junior to a Private Equity Fund in the capital structure of the portfolio company, which could mean that in a workout or other distressed scenario such Junior Capital Fund may be adverse to such Private Equity Fund, and might recover all, part or none of its investment while such Private Equity Fund recovers more or less. Sentinel intends to ameliorate and/or manage such conflicts of interest to the extent possible, by typically holding a minority of the junior capital debt issued by a portfolio company in which a Private Equity Fund holds outstanding equity interests and allowing the lead Independent Investor(s) in the debt to negotiate pricing and terms and possess the right to exercise veto power with respect to amendments or modifications to certain material terms and conditions of the investment. In addition, Sentinel intends to manage the conflicts of interest in connection with a payment default by a portfolio company in which a Junior Capital Fund and a Private Equity Fund hold interests, following the payment default (and following the expiration of any applicable cure periods), by generally not having voting rights on behalf of such Junior Capital Fund or voting with the Independent Investor and/or the majority of the unaffiliated debtholders holding the same tranche, class, or other category of such defaulting debt investment in connection with any determination by such debtholders. This means a Junior Capital Fund may not vote or the portfolio company may not take the action that Sentinel believes to be optimal for such Junior Capital Fund. A Private Equity Fund generally will not be subject to the preferences of any other holder of the securities that such Private Equity Fund holds, and therefore a Private Equity Fund can be expected to act exclusively in its own interests. There can be no assurance that the return on a Junior Capital Fund's investments will not be less than the returns obtained by a Private Equity Fund or other investor participating in the investment.

Further, conflicts of interest can arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by one or more Funds, in the same part of the portfolio company's capital structure. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, investment terms, leverage, taxation and associated costs between such Funds. There can be no assurance that a Fund and the other investing Fund(s) will exit an investment at the same time or on the same terms, and there can be no assurance that such Fund's return on such an investment will be the same as the returns



achieved by any other Funds participating in the relevant transaction. Given the nature of these conflicts, there can be no assurance that the resolution of any such conflict will be beneficial to any Fund. Additionally, once such a co-investment is made, if the relevant portfolio company encounters financial difficulties, other creditors of such portfolio company may, under certain circumstances, assert an equitable subordination claim or initiate an action for other legal and equitable remedies as a result of the participation by one or more Funds in the financing of the portfolio company or the participation by Sentinel officers on the board of directors or in the management of such portfolio company. These and other situations will involve potential conflicts of interest. Although Sentinel will establish procedures to address such conflicts, and the Limited Partnership Agreements of the relevant Funds may prescribe actions to be taken under such circumstances, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to any Fund or its Limited Partners.

The Private Equity Funds intend to make controlling investments in portfolio companies. As a result of these controlling interests, Sentinel typically will have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and other amounts payable to Sentinel in connection with services provided by Sentinel.

Subject to any relevant restrictions or other limitations contained in the Limited Partnership Agreements of the Funds, Sentinel will allocate fees and expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Sentinel may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Sentinel or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

Additionally, a portfolio company typically will reimburse Sentinel or service providers retained at Sentinel's discretion for expenses (including, without limitation, travel expenses) incurred by Sentinel or such service providers in connection with the performance of services for such portfolio company. This subjects Sentinel to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the applicable Limited Partnership Agreement and Sentinel's internal reimbursement policies and practices, Sentinel determines the amount of these reimbursements for such services in its own discretion. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Sentinel or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to

portfolio companies; and/or third party co-investors in its transactions. Sentinel believes that these factors help to mitigate related conflicts of interest.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by such Fund's General Partner, are reimbursed by such Fund and/or its portfolio companies, such General Partner will not necessarily seek out the lowest cost options when incurring (or causing such Fund or its portfolio companies to incur) such expenses. In addition, in circumstances where other investors, including other Funds or third-party co-investors, are involved or contemplated to be involved in a transaction, a Fund may bear costs and expenses in excess of its share, or even the entirety of such amounts. In some cases, these costs and expenses could be substantial, including "broken deal" expenses that other contemplated investors do not bear.

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

Although uncommon, from time to time Sentinel may cause a Fund to enter into a transaction whereby such Fund purchases securities from, or sells securities to, other Funds managed by Sentinel, or co-investors or co-investment vehicles. Such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represents what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Limited Partnership agreements or otherwise in the sole discretion of Sentinel, Sentinel may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory committee) to such transactions. In certain circumstances, Sentinel may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to a Fund under then-current market conditions. Sentinel intends that any such transactions be conducted in a manner that it

believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund. ¶

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

Sentinel may also, from time to time, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds; conversely, current or former personnel or executives of Sentinel have in the past and may in the future serve in significant management roles at portfolio companies or service providers recommended by Sentinel. Similarly, Sentinel and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Sentinel and/or the Funds. Sentinel may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company owned by such Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Sentinel information about markets and industries in which Sentinel operates (or is contemplating operations) or will provide other services that are beneficial to Sentinel. Sentinel may have a conflict of interest in making such recommendations, in that Sentinel has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies of the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

Certain Outside Operating Partners have in the past and may in the future buy or sell securities or other instruments that Sentinel has recommended to a Fund. In addition, officers, principals, employees and Outside Operating Partners may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the relevant Fund's Limited Partnership Agreement and any policies and procedures set forth in Sentinel's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund.

Sentinel has instituted a program under which portfolio companies of the Funds are given the option to participate in purchasing, vendor or similar arrangements with Sentinel and other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a group-wide basis. Sentinel allocates fees and third-party administration costs for the program among the Funds and/or such portfolio companies. Additionally, Sentinel participates in the program in exchange for an allocable portion of such fees and costs, and receives similar benefits and discounts as the portfolio companies

participating therein. Such amounts do not result in additional offsets to a Fund's Management Fee. Sentinel believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the Funds) that will result if the negotiated rates for goods and services are discounted relative to those widely available in the market.

Sentinel and its personnel from time to time receive the benefit of "friends and family" and similar discounts from portfolio companies of the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than Sentinel and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, Sentinel believes that the potential for conflicts of interest relating to such discounts is mitigated. Sentinel and its personnel generally refrain from requesting or negotiating for such discounts in the ordinary course.

Sentinel may from time to time incur fees, costs, and expenses, including in connection with transactions not consummated, on behalf of a Junior Capital Fund and a Private Equity Fund. To the extent practicable, any fees, costs, and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. Although Sentinel will endeavor to allocate such fees, costs, and expenses on a fair and equitable basis, there can be no assurance that such fees, costs, and expenses will in all cases be allocated appropriately. Any such determinations may involve inherent matters of discretion and conflicts of interest. Notwithstanding the foregoing, Sentinel may in the future develop policies and procedures to address the allocation of expenses that differ from its current practice.

In addition, as described above, portfolio companies typically pay certain fees to Outside Operating Partners and other third party consultants (including consultants introduced or arranged by Sentinel and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fees as described herein. Outside Operating Partners are not employees of Sentinel but they generally make use of Sentinel resources or otherwise are associated with Sentinel. Sentinel may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Outside Operating Partner compensation is expected to include cash fees, retainers, securities of a portfolio company and/or a share of proceeds upon sale of a portfolio company. Additionally, portfolio companies have in the past and may in the future provide opportunities for Outside Operating Partners to invest in such portfolio company and reimburse costs and expenses (including, but not limited to, travel expenses) incurred by Outside Operating Partners. Outside Operating Partners also have in the past and may in the future have a limited partner interest in the General Partners and/or one or more Funds. Outside Operating Partners may receive remuneration from Sentinel and/or its Funds or affiliates (other than portfolio companies) and/or be entitled to other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset the Management Fee of any Fund, as described herein. In addition, Sentinel has in the past, and may in the future from time to time, directly employ one or more Employee Operating Partners, in which case Sentinel expects to bear any remuneration paid to such person while employed by Sentinel (which has in the past and may in the future include an allocation of Carried Interest). Although the use of Outside Operating Partners and the allocation of compensation paid to them by Sentinel and/or the portfolio companies subjects Sentinel to potential conflicts of interest, Sentinel believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the

Outside Operating Partner is lower than market rates for the services provided and/or if the services of the Outside Operating Partner align with Sentinel's model for the portfolio company and improve portfolio company performance. Although Sentinel seeks to retain Outside Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings and value-added services from such retention. Sentinel also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Sentinel believes will align such persons' interests with those of the Funds' Limited Partners, and seeks to retain only Outside Operating Partners and Non-Sentinel Service Providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In certain cases, Sentinel will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Limited Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Sentinel will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant Limited Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Inherent in the fact that a Fund (like private equity funds generally) has a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Sentinel may not otherwise have done so.

There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the applicable General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the applicable General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

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

## **DISCIPLINARY INFORMATION**

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

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Sentinel LLC is affiliated with other Sentinel investment advisers registered with the SEC under the Advisers Act pursuant to Sentinel LLC's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with Sentinel LLC and serve as managers or general partners of Private Investment Funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Advisers have adopted the Sentinel Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Sentinel principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Sentinel personnel to report their personal securities transactions, prohibits or requires pre-clearance for Sentinel personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Sentinel personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Sentinel Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any Limited Partner or prospective limited partner upon request to Vincent Taurassi, the Sentinel Chief Compliance Officer, at (212) 688-3100. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

The Advisers and their affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers.

Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in one or more Private Investment Funds, including the Funds or certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Funds. Co-invest opportunities may also be presented to certain affiliates of the Advisers, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under “Methods of Analysis, Investment Strategies and Risk of Loss”.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

The operative documents and investment programs of certain Funds restrict, limit and prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds and in certain situations give priority with respect to investments to such Funds. Some of these restrictions could be waived by Limited Partners (or their representatives) in such Funds.

#### **BROKERAGE PRACTICES**

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

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

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

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them,

although the Advisers generally do not make use of such services at the current time and have not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Advisers' Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by the Advisers, and brokerage commissions paid by one Private Investment Fund may apply towards payment for research services that might not be used in the service of such Private Investment Fund. Research services may be shared among the Advisers and their affiliates.

The Advisers do not employ any agreement or formula for the allocation of brokerage business on the basis of research services; however, the Advisers may, in their discretion, cause the Private Investment Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Advisers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Advisers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

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

To the extent that the Adviser allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Private Investment Funds' interest in receiving most favorable execution.

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

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



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

In Sentinel's private company securities transactions on behalf of the Funds, Sentinel may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Sentinel may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although Sentinel generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **REVIEW OF ACCOUNTS**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Sentinel closely monitors companies in which the Funds invest, and the Sentinel Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

Each Fund will provide to each of its Limited Partners (i) annual audited and quarterly unaudited financial statements prepared in accordance with generally accepted accounting principles as promulgated in the United States, (ii) annual tax information for each Limited Partner's tax return and (iii) reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

Sentinel has in the past and may in the future provide certain business or consulting services to companies in each Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Funds' Limited Partnership Agreements, this compensation may, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company or services by a Sentinel employee as a bona fide portfolio company employee), these fees may be in addition to Management Fees. See "Fees and Compensation".

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential Limited Partner becoming a Limited Partner in a Fund or other Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by Sentinel LLC indirectly through an offset against the Management Fee. For Fund IV, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$5,890,000. For Fund V, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$2,500,000. For Fund VI, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$1,600,000. For Junior Capital Fund I, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$400,000.

## **CUSTODY**

Sentinel LLC maintains custody of the Funds' assets held in each Fund's name with the following qualified custodians: Citibank, N.A.

Sentinel LLC is deemed to have custody of the Funds' assets based on entities affiliated with Sentinel LLC serving as general partners to the Funds. As such, Limited Partners do not receive statements from Sentinel LLC's qualified custodian, but instead receive audited financial statements prepared in accordance with GAAP within 120 days of each Fund's fiscal year end, as is more fully set forth in the Limited Partnership Agreements for the Funds.

## **INVESTMENT DISCRETION**

Sentinel LLC has discretionary authority to manage the investments on behalf of each Fund pursuant to the respective Limited Partnership Agreements described under "Advisory Business". As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, the Advisers and/or their affiliates have in the past and may in the future enter into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partners' investment in the Funds may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. While the Advisers have not in the past executed any investments for which the aforementioned Side Letter provisions would be taken into account, it is important to note these Side Letter provisions should not impact the Advisers' ability to exercise their discretionary authority.

## **VOTING CLIENT SECURITIES**

The Advisers have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for each Fund's (and any Private Investment Fund's) portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Each of the Advisers generally believes its interests are aligned with those of Funds' Limited Partners through the principals' beneficial ownership interests in the Funds and therefore will not seek Limited Partner approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of the Funds' advisory committees on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Funds' advisory committees may approve an Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by Sentinel personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Funds. If you would like a copy of the Advisers' complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Vincent Taurassi, the Sentinel Chief Compliance Officer, at (212) 688-3100 and it will be provided to you at no charge.

## **FINANCIAL INFORMATION**

Sentinel LLC does not require prepayment of management fees six months or more in advance or have any other events requiring disclosure under this item of the Brochure.

## SUPPLEMENTAL INFORMATION ABOUT CERTAIN PRINCIPALS OF SENTINEL

### David S. Lobel

#### *Educational Background and Business Experience*

David S. Lobel, born 1953, founded Sentinel in 1995 and serves as Sentinel's Managing Partner. Previously, he spent 15 years at Smith Barney's private equity affiliate. Mr. Lobel joined Smith Barney in 1981 and served as a general partner of funds managed by Smith Barney from 1983 to 1995 before leaving to form Sentinel. He also served as a managing director of Smith Barney. From 1979 to 1981, Mr. Lobel was a consultant at Bain & Company. He received an MBA and an MS from Stanford University in 1979 and 1978, respectively. Mr. Lobel, who was born in South Africa, received a B.Sc. (Hons) from the University of the Witwatersrand in 1975. He served in the South African Navy, where he graduated first in his class. Mr. Lobel currently is a director of TGI Fridays and Cabi.

#### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Lobel.

#### *Other Business Activities*

Mr. Lobel serves as a director and member of the Investment Committee (a subcommittee of the board of directors) of PEF Israel Endowment Fund, a charity. The Investment Committee, on behalf of PEF Israel Endowment Fund, selects third-party investment managers to manage the assets of PEF Israel Endowment Fund that are available for investment, determines allocations of such available investment assets among such third-party investment managers and determines the allocation of investments between equity securities and debt securities. Otherwise, Mr. Lobel is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

#### *Additional Compensation*

Mr. Lobel does not receive any additional compensation that is required to be disclosed.

#### *Supervision*

As the founder and Managing Partner of Sentinel, Mr. Lobel is responsible for implementing and overseeing the investment strategy of the clients of Sentinel. Mr. Lobel is not subject to the supervision of any other individual other than, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.

## **John F. McCormack**

### *Educational Background and Business Experience*

John F. McCormack, born 1959, co-founded Sentinel in 1995 and serves as Senior Partner. Previously, he spent five years as an investment professional at Smith Barney's private equity affiliate, where he worked closely with David Lobel. Before joining Smith Barney, Mr. McCormack spent seven years at Coopers & Lybrand, where his principal assignments included due diligence and acquisition reviews of target investment opportunities for investment firms. He is a CPA (New York) and holds a BS, cum laude, from Boston College.<sup>1</sup> Mr. McCormack is currently a director of Colson, Captain D's, Driven Performance Brands, Fazoli's, Nekoosa and TGI Fridays.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. McCormack.

### *Other Business Activities*

Mr. McCormack is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. McCormack does not receive any additional compensation that is required to be disclosed.

### *Supervision*

As the co-founder and Senior Partner of Sentinel, Mr. McCormack is responsible for implementing and overseeing the investment strategy of the clients of Sentinel. Mr. McCormack is subject to the supervision of Mr. Lobel, who oversees all of the investment activities of Sentinel LLC and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.

---

<sup>1</sup> Mr. McCormack is a licensed CPA, but his current status is "Not Registered."

## **Eric D. Bommer**

### *Educational Background and Business Experience*

Eric D. Bommer, born 1968, is a partner of Sentinel. He joined Sentinel in 1997 as a vice president. Previously, Mr. Bommer spent two years as an associate at the Kaizen Breakthrough Partnership, a private equity fund that specialized in investing in underperforming middle-market companies. From 1993 to 1995, he worked as an analyst in CS First Boston's investment banking program. From 1992 to 1993, Mr. Bommer was a financial analyst at LaSalle Partners, a real estate investment firm. From 1991 to 1992, he was captain of the Livingston Kings, a Scottish professional hockey team. Mr. Bommer holds a BA from Brown University. He currently serves as a director of Credit Infonet, Hollander Sleep Products, The Luminaries Group, Revenew International, Sonny's Enterprises and Wellspring Pharmaceuticals Corp.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Bommer.

### *Other Business Activities*

Mr. Bommer is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. Bommer does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Bommer is subject to the supervision of Mr. Lobel and Mr. McCormack, who oversee all of the investment activities of Sentinel and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.

## **James D. Coady**

### *Educational Background and Business Experience*

James D. Coady, born 1969, is a partner of Sentinel. He joined Sentinel in 1998 as a vice president. From 1995 to 1998, Mr. Coady was an associate at First Chicago Equity Capital, the private equity division of First Chicago NBD that specialized in investing in middle-market companies. Previously, he spent two years as an investment banking analyst at Alex. Brown & Sons. Mr. Coady holds an MBA from Northwestern University's J.L. Kellogg Graduate School of Business and an AB from Harvard University. He currently serves as a director of Cabi, Colson, Driven Performance Brands, Newk's, Quick Weight Loss Centers and RotoMetrics.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Coady.

### *Other Business Activities*

Mr. Coady is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. Coady does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Coady is subject to the supervision of Mr. Lobel and Mr. McCormack, who oversee all of the investment activities of Sentinel and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.

## **Paul F. Murphy**

### *Educational Background and Business Experience*

Paul F. Murphy, born 1965, is a partner of Sentinel. He joined Sentinel in 2000 as a principal. From 1997 to 2000, he was a director at Dilmun Investments, Inc., the U.S. private equity affiliate of Bahrain International Bank E.C. While at Dilmun, Mr. Murphy focused on private equity investments in middle-market companies. Prior to Dilmun, Mr. Murphy was a vice president in the Financial Buyers Group at NationsBanc Capital Markets, where he provided debt and equity financing for leveraged buyouts and recapitalizations. Previously, he spent two years as an associate in the Merchant Banking Group of Chase Manhattan Bank, where he focused on private equity and subordinated debt investments in middle-market companies. Mr. Murphy holds an MBA from Georgetown University and a BS from the United States Military Academy at West Point. He spent five years as an artillery officer in the U.S. Army and attained the rank of captain. Mr. Murphy currently serves as a director of Altima Dental Centres, Corporate Visions, Critical Solutions International, MB2 Dental Solutions and Total Military Management.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Murphy.

### *Other Business Activities*

Mr. Murphy is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. Murphy does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Murphy is subject to the supervision of Mr. Lobel and Mr. McCormack, who oversee all of the investment activities of Sentinel and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.



## **Michael J. Fabian**

### *Educational Background and Business Experience*

Michael Fabian, born 1977, is a partner of Sentinel, which he joined in 2006 as a senior associate. From 2003 to 2006, Mr. Fabian was an associate at Blue Point Capital Partners, a lower middle market private equity firm. Previously, he was an associate at Brown, Gibbons, Lang & Co., a middle market investment banking firm, an analyst at Deutsche Banc Alex Brown, and an analyst at Conway, DelGenio, Gries & Co., a restructuring advisory boutique. Mr. Fabian holds an MA in economics from New York University and a BBA degree, summa cum laude, from the University of Notre Dame. Mr. Fabian currently serves as a director of Captain D's, Corporate Visions, Hollander Sleep Products, Marketplace Events and Newk's.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Fabian.

### *Other Business Activities*

Mr. Fabian is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. Fabian does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Fabian is subject to the supervision of Mr. Lobel and Mr. McCormack, who oversee all of the investment activities of Sentinel and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.

## **C. Scott Perry**

### *Educational Background and Business Experience*

Scott Perry, born 1980, is a Partner of Sentinel, which he joined in 2004 as an associate. Previously, he spent two years as an Analyst in the M&A Group at Wachovia Securities. Mr. Perry holds a BS in Finance and Accounting with honors from the University of Virginia, McIntire School of Commerce. Mr. Perry currently serves as a director of Colson, Nekoosa, Rotometrics, Sonny's Enterprises and Total Military Management.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Perry.

### *Other Business Activities*

Mr. Perry is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. Perry does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Perry is subject to the supervision of Mr. Lobel and Mr. McCormack, who oversee all of the investment activities of Sentinel and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.

## **Luke J. Johnson**

### *Educational Background and Business Experience*

Luke J. Johnson, born 1973, is a partner of and Head of Business Development at Sentinel, which he joined in 2013 as a Senior Managing Director of Business Development. Previously, he spent 12 years at middle market private equity firm Platinum Equity, most recently as a Principal and Global Head of Business Development where he was responsible for overseeing its global origination efforts. Before joining Platinum Equity in 2001, Mr. Johnson was a Director at Kroll Associates, a leading business and competitive intelligence consulting firm. He holds an MBA from Pepperdine University's Graziadio School of Business and Management and a BA from the University of California Los Angeles. Mr. Johnson does not currently serve as a director of any company.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Johnson.

### *Other Business Activities*

Mr. Johnson is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. Johnson does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Johnson is subject to the supervision of Mr. Lobel and Mr. McCormack, who oversee all of the investment activities of Sentinel and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.

## **John C. Van Sickle**

### *Educational Background and Business Experience*

John C. Van Sickle, born 1980, is a partner of Sentinel. He joined Sentinel in 2009 as a senior associate. Previously, Mr. Van Sickle spent three years as an associate at Castle Harlan, a middle market private equity firm. From 2002 to 2004, he spent two years in Wachovia Securities' Analyst Program, where he worked on M&A transactions with middle market private equity firms. Mr. Van Sickle holds an MBA from the Harvard Business School and a BA, summa cum laude, from Emory University, where he graduated as a member of Phi Beta Kappa. He was also a member of Emory's NCAA tennis team. Mr. Van Sickle is currently a director of Altima Dental Centres, Fazoli's, MB2 Dental Solutions and TGI Fridays.

### *Disciplinary History*

There are no legal or disciplinary events to disclose with respect to Mr. Van Sickle.

### *Other Business Activities*

Mr. Van Sickle is not engaged in any investment-related business outside of his roles with Sentinel LLC and its affiliates.

### *Additional Compensation*

Mr. Van Sickle does not receive any additional compensation that is required to be disclosed.

### *Supervision*

Mr. Van Sickle is subject to the supervision of Mr. Lobel and Mr. McCormack, who oversee all of the investment activities of Sentinel and its affiliates as well as, with respect to compliance matters, Vincent Taurassi, the Sentinel Chief Compliance Officer.