

Item 1. Cover Page



Altamont Capital Management, LLC

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Part 2A of Form ADV: Firm Brochure
March 31, 2017

This brochure provides information about the qualifications and business practices of Altamont Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (650) 264-7750/ACP-Info@altamontcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Altamont Capital Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This Brochure, dated March 31, 2017, serves as an update to Altamont Capital Management, LLC's Brochure dated March 30, 2016 (the "Prior Brochure"). This Brochure contains routine annual updates to the Prior Brochure, as well as certain other updates regarding payments of fees and expenses by advisory clients and portfolio companies, risks and conflicts of interest.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means Altamont Capital Management, LLC, a California limited liability company, together (where the context permits) with its affiliated general partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates may or may not be under common control with Altamont Capital Management, LLC, but possess a substantial identity of personnel and/or equity owners with Altamont Capital Management, LLC. These affiliates are formed for tax, regulatory or other purposes in connection with the organization of the Funds, or serve as general partners of the Funds.

The Adviser provides investment supervisory services to investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives described in the Funds’ Governing Documents (as defined below), investments are generally made in companies doing business in select verticals where the Adviser’s principals have significant knowledge and/or strategic points of view. Such industries include financial services, consumer, retail, industrials, healthcare and business services industries. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund, separate investment and advisory, investment management or portfolio management agreements and/or side letters entered into with certain Fund investors (each, a “Governing Document”).

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund.

The principal owner of the Adviser is Jesse Rogers. The Adviser was formed in 2010. As of March 31, 2017, the Adviser manages a total of \$2,537,681,104 of client assets, all of which is managed on a discretionary basis. For purposes of the calculation of client assets in the foregoing sentence, all client assets (including portfolio companies) have been valued as of December 31, 2016, but the Adviser has also included capital commitments to the Funds that were accepted after December 31, 2016 and before March 31, 2017.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, may reduce the Advisory Fees payable to the Adviser. Additionally, consistent with the Governing Documents of the applicable Fund, such Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to such Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

Advisory Fees

As compensation for investment supervisory services rendered to certain Funds, the Adviser receives from each such Fund an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital or remaining invested capital, with respect to such Fund. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Fund are indirectly borne by investors in such Fund.

Advisory Fees are payable by the Funds to the Adviser for the period January 1 through June 30 of each calendar year on January 5 of each calendar year and for the period from July 1 through December 31 on July 5 of each calendar year.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Governing Documents. The Advisory Fees and other fees and distributions described herein are generally subject to modification, waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another.

Certain investors in the Funds that are employees, service providers, business associates and other “friends and family” of the Adviser or its personnel (“Adviser Investors”) will not typically pay Advisory Fees in connection with their investment in a Fund. Notwithstanding that Adviser Investors will generally not pay Advisory Fees, Adviser Investors will pay for their pro rata share of certain Fund expenses or the pro rata portion of such Adviser Investors’ expenses will be allocated to the Adviser or the general partner of the applicable Fund.

The Advisory Fees paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors, (2) the fees incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund’s Governing Documents and/or (3) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Governing

Documents of the applicable Fund. To the extent a reduction relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee.

In addition, the Adviser may waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser to invest in and alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees may not be subject to various offsets or the reductions described above. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when the Advisor no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, the Adviser, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

Upon termination of an advisory agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

Other Fees

Fees Payable by the Portfolio Companies

The Adviser and its affiliates perform transaction-related services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, public offerings, sales or other dispositions and similar transactions with respect to such portfolio companies (“Transaction Fees”).

The Adviser and its affiliates may also receive “Monitoring Fees” pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals, the payment of Monitoring Fees (which may be fixed fees or calculated as a percentage of EBIDTA or similar performance metric), and the acceleration of payment of the Monitoring Fees upon certain termination events, including the occurrence of an initial public offering or strategic exit. It is the policy of the Adviser not to accelerate future monitoring fees on a sale or initial public offering of a portfolio company unless the Adviser expects to continue to be involved with such portfolio company following the sale or initial public offering and would not otherwise receive monitoring fees during that time. Since the monitoring agreements may have prolonged terms (often exceeding ten years and/or subject to automatic extensions and renewal), the financial

effect of such acceleration may be substantial, particularly in the event such circumstances occur early in the life of the Fund's investment in such portfolio company.

The Adviser and its affiliates may also receive "Other Corporate Services Fees" for management, advisory or other similar services rendered to portfolio companies, including advisory services with respect to refinancings and putting debt financing in place at a portfolio company.

In addition, the Adviser and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company ("Director Fees") and in connection with an unconsummated transaction ("Break-Up Fees" and, together with Transaction Fees, Monitoring Fees, Other Corporate Services Fees and Director Fees, the "Other Fees"). The amount and timing of Break-Up Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Generally, under the terms of the applicable Governing Documents, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other Fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such Other Fees in accordance with the Governing Documents of the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

The payment of Other Fees by portfolio companies creates a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these Other Fees and reimbursements (see "*Expense Reimbursement*") below are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Adviser determines the amount of these fees for the services provided and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements often will not be disclosed to investors in the Funds.

From time to time, the Adviser will, in its discretion, disclose to an investor the amount of Other Fees allocated to the Fund in which such investor has invested in account statements or other similar periodic reports delivered to investors.

From time to time, the Adviser will (in its sole discretion) agree to pay a portion of an Other Fee received from an actual or prospective portfolio company to a third party ("Third Party Fee"), such as a consultant, advisor, finder, broker and/or investment bank. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the Governing Documents to share such Third Party Fee with the Funds.

In many cases with respect to the implementation of such arrangements, there is not an independent third party involved on the behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

Payments Made to Third Parties

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons may be retained by such persons and will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see “*Providers of Operations Support*” in Item 11 below.

Expense Reimbursement

Additionally, a portfolio company will typically reimburse the Adviser for expenses, including without limitation, travel expenses, which may include expenses for chartered or first class travel, and meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours), social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash compensation and expenses, incurred by the Adviser in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Governing Documents, and such reimbursements are not subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

Expenses

Adviser Expenses

To the extent provided in the Governing Documents of the Funds, the Adviser will pay out of Advisory Fees certain expenses and costs associated with the performance of its services, including expenses on account of rent, bookkeeping services, equipment, compensation and other expenses of its partners, officers and employees (other than Carried Interest described in Item 6 below) and other normal and routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds.

Fund Expenses

Each Fund, consistent with such Fund's Governing Documents, will bear all other expenses relating to it to the extent not borne by its portfolio companies, which may include all costs and expenses incurred in the purchase, holding or sale or exchange of investments, including, but not by way of limitation, private placement fees and finder's fees paid to third parties, legal fees and expenses of such Fund, investment banking fees, interest on borrowed money, real property or personal property taxes on investments, brokerage fees, taxes applicable to such Fund on account of its operations, fees and expenses incurred in connection with the maintenance of bank or custodian accounts, expenses incurred in connection with the registration of the securities held by such Fund under the Securities Act or other applicable securities laws or regulations, and all expenses incurred in connection with the resolution of claims or disputes involving existing or potential portfolio companies, to the extent such expenses are not paid by such portfolio companies or shared with other investors, all out-of-pocket costs and expenses, if any, incurred by or on behalf of such Fund in developing, negotiating and structuring prospective or potential investments which are not ultimately made, including without limitation any legal, accounting, advisory, financing and consulting costs and expenses in connection therewith to the extent not reimbursed by portfolio companies or prospective portfolio companies (whether such companies are related or unrelated to the prospective investment), expenses associated with such Fund's financial statements and tax returns, including without limitation reasonable out-of-pocket expenses incurred by such Fund's general partner (or any other person designated by such general partner) in serving as the tax matters partner of such Fund, reasonable out-of-pocket expenses of the members of the advisory board of such Fund, the fees of the independent certified public accountant incurred in connection with the annual audit of such Fund's books and the preparation of such Fund's annual tax return and Schedule K-1s or equivalent information, expenses of maintaining an office of such Fund and/or its general partner in such Fund's jurisdiction of organization and all related governmental fees and expenses incurred to maintain such Fund's and its general partner's ability to conduct business under the laws of such jurisdiction of organization, the cost of directors and officers, professional and other similar insurance, costs associated with Fund meetings and mailings, all expenses of outside counsel, accountants, consultants and other professionals, including without limitation legal fees and expenses incurred in connection with prosecuting or defending administrative or legal proceedings relating to such Fund brought by or against such Fund or its general partner, its partners or the Adviser, its officers, directors or employees (provided, that such parties shall not be entitled to be reimbursed for any legal fees and expenses incurred by any of them if they would not be entitled to indemnification pursuant to such Fund's Governing Documents with respect to such expenses), all costs and expenses arising out of such Fund's indemnification obligation pursuant to its Governing Documents, all expenses relating to compliance-related matters and regulatory filings of such Fund, the Adviser and their respective affiliates (including, without limitation, expenses relating to the preparation and filing of Form PF, regulatory filings relating to such Fund and its activities, other reports to be filed with the U.S. Commodity Futures Trading Commission and all reports, disclosures, filings and notifications prepared in accordance with the E.U. Alternative Investment Fund Managers Directive, but not including any fees, costs or expenses incurred in the ordinary course of business by the Adviser or its affiliates with respect to compliance obligations under the Investment Advisers Act of 1940 (as amended, the "Advisers Act") (e.g., filings of Form ADV)), fees, costs and expenses incurred in connection

with any audit, examination, investigation or other proceeding by any taxing authority or incurred in connection with any governmental inquiry, investigation or proceeding, in each case, involving or otherwise applicable to such Fund (but not including any fees, costs or expenses incurred in connection with any SEC examination of the Adviser), all extraordinary expenses, and all other fees and expenses of such Fund or its general partner and their affiliates in connection with the business or operation of such Fund and its investments, organizational and start-up expenses of such Fund and its general partner and other carry vehicles, as well as any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser. Each Fund will pay its share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated (including costs and expenses related to business development and expenses that would have been borne by co-investment vehicles) as set forth in the Governing Documents of such Fund, and such Fund's allocable share of expenses and fees incurred in the course of making investments, in each case, to the extent not borne by portfolio companies or prospective portfolio companies (whether such companies are related or unrelated to the potential investment). The Adviser may agree with certain Funds to bear a portion of any fees or expenses associated with investments which are not consummated that are not paid by portfolio companies or prospective portfolio companies. In such cases, the Adviser benefits from portfolio companies paying the fees and expenses generated in connection with unconsummated investments as the Adviser would otherwise be required to bear its share of such costs.

Certain Funds also reimburse expenses incurred by the Adviser or any of its affiliates (including compensation and other expenses of personnel employed by the Adviser or any such affiliate) to provide legal and tax services to such Fund; provided, that any such expenses shall not be greater than what would be paid to an unaffiliated third party for substantially similar services.

From time to time, the general partner of a Fund may create certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the general partner creates an SPV, consistent with the Governing Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

Co-Investment Vehicle Expenses

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside the Fund may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in the making an investment.

If a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not

consummated transaction (“Dead Deal Costs”) would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction. Furthermore, if a proposed transaction is not consummated and a co-investment vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs may be borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, rather than the co-investment vehicle or other co-investor. Similarly, co-investment vehicles are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction.

Allocation of Expenses

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser will have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit.

To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund’s Governing Documents or, to the extent not addressed in such Governing Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Funds, co-investment vehicles, Adviser Investors and Third Parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be set forth in the Governing Documents of the Fund or otherwise will be determined by the Adviser in its good faith discretion, consistent with the Governing Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the anticipated investment of each Fund. There may be occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

With respect to allocating other expenses among Fund(s), co-investment vehicles, Adviser Investors and/or Third Parties, as appropriate, to the extent not addressed in the Governing Documents of a Fund, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

Carried Interest Payments

Please see Item 6 below regarding “Carried Interest” that certain Funds pay.

Brokerage Fees

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to certain Funds, a portion of the profits of each such Fund (if any) is allocated to the capital account of the Adviser as “carried interest” (the “Carried Interest”). Carried Interest paid by a Fund is indirectly borne by the investors in such Fund.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest (or Funds paying Carried Interest at a higher effective rate), or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in most of the Funds are “qualified purchasers” or “knowledgeable employees”, in each case, as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The Adviser may in its sole discretion permit investments below the minimum amounts set forth in the Governing Documents of such Fund.

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

Methods of Analysis and Investment Strategies

The Adviser's investment strategy is a value-based investment approach built on: targeting companies with complex operational and/or strategic challenges; employing rigorous analytics to identify proprietary and often contrarian insights that create the basis for an investment thesis; developing a clear plan to fundamentally improve a company's operations and increase its value; and an ability to make strategic and operational improvement happen by partnering with, incenting, supporting, and properly focusing management teams.

Important elements of the Adviser's investment approach are expected to include:

- *Middle-Market Focus.* The Adviser believes that the middle-market provides an attractive opportunity, where the Adviser has a competitive advantage in finding companies where it can improve performance and increase value. The Adviser believes that the middle-market has many companies that are generally undermanaged, experiencing complexity, and/or have significant room for better performance.
- *Importance of Control.* The Adviser believes it is important to have the ability to make the decisions necessary to implement the business improvements core to the strategy. As a result, the Adviser will generally seek control and will generally not participate in "club" transactions where no one has control (though the Adviser may partner with another like-minded firm where the two firms together have control).
- *Complex/Contrarian Situations.* The Adviser generally seeks situations where there is industry, company, and/or transaction complexity that renders it difficult for other investors to access the opportunity, but which the Adviser believes it can navigate successfully. Such opportunities may include distressed companies/bankruptcies, corporate carve-outs, buildups, contrarian or out-of-favor industries, turnarounds, orphaned public companies, complicated founder transitions, and companies with non-traditional business models. The result is generally fewer competitors vying for these target opportunities. In addition, challenged companies often have reduced access to debt, which in turn can allow for purchase at lower multiples, with less debt and less risk. The Adviser believes combining this attractive purchase dynamic with the potential upside from fixing the business and the associated subsequent improved access to the credit markets (which can facilitate both an early return of capital and higher multiples on exit) leads to significant return potential.
- *Rigorous Analytical Approach.* The Adviser believes that successfully targeting complex transactions requires gaining proprietary insights into how to resolve the issues hobbling the business prior to investing. Typically, these insights come about as the result of intensive, bottom-up analysis. This work provides the foundation for building a clear set of projections, as well as the risks and opportunities analysis. The Adviser will typically

engage operating executives and outside consultants with deep experience in the relevant industry to assist in the analysis. These outside perspectives are intended to complement the Adviser's own knowledge, expertise and insights derived from several standard analytical tools used to evaluate a company's potential.

- *Ability to Improve Operations.* The Adviser seeks to work with management to develop detailed value creation plans for each investment, and actively support and monitor implementation of the plan. The Adviser understands the critical importance of strong management and invests heavily to recruit, partner with, and incentivize talented executives.
- *Deep Vertical Knowledge.* The Adviser intends to focus on select verticals where it has significant knowledge and/or strategic points of view. Such industries include: financial services, healthcare, consumer, retail, industrials, technology and business services industries. The Adviser expects to continually search for new verticals and market niches that are poorly understood and where it believes it can develop proprietary insights.
- *Wide Network.* The Adviser believes that its network of relationships provides differentiated access to deal flow and industry expertise. The Adviser's principals have close relationships with a wide range of transaction sources including: (i) the networks of the Adviser's principals from many years of professional activity across a wide range of industries; and (ii) the Adviser's extensive network of investment banks, commercial banks and traditional transaction intermediaries. The Adviser believes its business development is a strategic lever.
- *Cohesive Team.* The Adviser's core team has extensive experience working together to implement successfully the Adviser's defined strategy. The Adviser believes its experience provides a strong, shared point of view on both investment philosophy and firm culture. The Adviser prides itself on a culture emphasizing teamwork, collegiality and open communication.
- *Structuring Flexibility.* The Adviser believes it possesses extensive experience with a wide variety of transaction structures and security types that it uses to tailor solutions for individual opportunities. The Adviser's principals believe that their experience and ability to create flexible investment structures across a wide variety of transaction types is a point of difference in the middle-market.

The Adviser intends to focus on control buyouts in the middle-market with expected transaction sizes that will generally range in enterprise value from \$50 million to \$300 million and have equity requirements of \$25 million to \$100 million. The Adviser plans to pursue a wide variety of transaction types, investment vehicles, and capital structures. On occasion, the Adviser will opportunistically make investments that are seemingly outside the investment criteria listed above but represent, after careful analysis, opportunistically a potentially good investment in the Adviser's opinion.

Risks

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of the value of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of the value of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include (but are not limited to) the following:

- *Financial Market Fluctuations.* General fluctuations in the market prices of securities may affect the value of the investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' investments. There can be no assurance that the market will, in the future, become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise. A Fund's ability to generate attractive investment returns for its investors may be adversely affected to the extent the Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that disruptions in the financial and capital markets occur, these 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 an economic downturn could adversely affect the financial resources of corporate borrowers in which a Fund has invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Fund may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Fund's returns. Such marketplace events also may restrict the ability of a Fund to sell or liquidate investments at favorable times or for favorable prices. Additionally, a Fund may be required to pay break-up, termination or other fees or expenses even if the Fund is willing to close on an investment if it is ultimately unable to close on such investment due to a lender's unwillingness to provide previously committed financing.
- *Risks in Effecting Operating Improvements.* In some cases, the success of the Adviser's investment strategy will depend, in part, on the ability and the effectiveness of the Adviser's efforts to improve the operating performance of portfolio companies following investment. Initiatives that may need to be taken in an effort to achieve improvements in operating performance include, among others, introductions of new products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to the achievement of improved operating performance is difficult and often requires substantial resources. The capabilities and resources of a portfolio company, even with the assistance of the Adviser, may be insufficient to effect such proper identification and implementation, and there can be no assurance that portfolio companies will be successful in achieving improvements in

operating performance. The failure to achieve improved operating results following investment may lead to losses or poor returns on investments.

- *Investments in Restructurings.* The Adviser may invest the Funds' assets in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investments therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds and distribution by the Funds to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances voidable preferences lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.
- *Investments in Smaller or Less Established Companies.* The Adviser may invest a portion of the Funds' assets in the securities of smaller or less established companies. Portfolio investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.
- *Non-U.S. Investments.* The Adviser may invest a portion of the Funds' aggregate commitments outside of the United States. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (iv) differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (v) tax-related issues, including the possible imposition of withholding or other taxes (including on dividends,

interest payments or capital gains) and double taxation of income earned overseas and including the possibility of investors being subject to tax on income earned by foreign companies even when no cash distributions are made by such foreign companies; (vi) less developed corporate laws regarding fiduciary duties and the protection of investors.; and (vii) the potential challenges to implementing the Adviser's strategy in non-U.S. investments due to greater difficulty in managing change and monitoring progress given potential differences in language, culture, business practices, market customs, and legal framework.

- *Public and Credit Investing.* The Governing Documents of certain Funds permit such Funds to make investments in (i) public equity securities, (ii) public and private debt securities, loans and other evidence of indebtedness, and (iii) swaps, options or other derivatives the value of which is based upon any item referred to in clause (i) or (ii) of this sentence. The amount of such investments may be substantial, although the Governing Documents of such Funds generally provide that no more than 25% of capital commitments may consist of investments in publicly traded securities (subject to certain exceptions) and derivatives of the type referred to in the immediately preceding sentence. The market for making investments of the type referred to in the first sentence of this paragraph is highly competitive, with many investors seeking such opportunities. Many such other investors have substantially greater relevant resources than the Adviser, including larger capital sources, more focused and extensive experience, and stronger networks for investment sourcing. To the extent a Fund makes investments in swaps or other derivatives, such Fund will be exposed to the credit risk of any counterparty to the derivative. Accordingly, even if the underlying investment generates attractive returns, such Fund may generate less attractive returns, or lose all or a portion of the capital it has exposed to such investment, if the counterparty becomes insolvent or otherwise fails to have the ability to pay. The focus of the investment experience of the Adviser and its investment professional staff to date has been on private equity investing and has not been on the types of investments referred to in the first sentence of this paragraph. In light of the factors set forth in this paragraph, there can be no assurance that a Fund will be successful in making such investments or that the returns from such investments will be comparable to the returns from other investments of such Fund.
- *Foreign Investment Controls.* Foreign investment in securities of companies in certain of the countries in which the Adviser may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Funds, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Funds invest or in other jurisdictions.
- *Investments with Third Parties.* The Adviser may cause the Funds to co-invest with third parties, thereby acquiring non-controlling interests in certain portfolio companies. The

relevant Fund may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such portfolio investments may involve risks not present in portfolio investments where a third party is not involved, including the possibility that a third party partner or co-investor may have financial difficulties resulting in a negative impact on such portfolio investment, may have economic or business interests or goals which are inconsistent with those of the Adviser, or may be in a position to take action contrary to the Adviser's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third party partners or co-investors.

- *Minority Investments.* The Adviser may invest in minority positions of companies and in companies for which the Adviser has no right to exert significant influence. In such cases, the Adviser will be significantly reliant on the existing management and board of directors of such companies, which may include representatives of other investors with whom the Adviser is not affiliated and whose interests may conflict with the interests of the Adviser.
- *In-Kind Distributions.* Although the Funds expect to distribute primarily cash to investors, the Funds may make distributions in kind. In the event that distributions are made of property other than cash, the amount of any such distribution shall be accounted for as provided in the Governing Documents of such Fund. Investments distributed in kind may not be readily marketable or saleable and may have to be held by investors for an indefinite period of time.
- *Use of Leverage.* While investing in leveraged companies offers the opportunity for capital appreciation, such investments also involve a higher degree of risk. The companies the Adviser invests in may involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the Funds may suffer a partial or total loss of capital invested in the portfolio company.
- *Bridge Financings.* From time to time, the Adviser may cause the Funds to lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Adviser's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds. Such lending arrangements create conflicts of interest between the Funds, acting as lender, and the portfolio company, acting as borrower.
- *General Economic and Market Conditions.* The private equity industry generally and the success of the Adviser's investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. A sustained downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio companies to perform under

or refinance their existing obligations, impair the Adviser's ability to effectively exit the portfolio investments of the Funds on favorable terms, and generally have a negative impact on the performance and value of the Funds' investments. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

- *Long-Term Nature of Portfolio Investments.* It is anticipated there will be a significant period of time (generally up to five years or more) before the Funds have completed their investment programs. Portfolio investments typically may take from three to seven years (or longer) from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures may not provide liquidity for the Funds' investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of such Funds' investments will occur for a significant period of time after the first closing of the Funds.
- *Contingent Liabilities Upon Disposition.* In connection with the Adviser's disposition of a Fund's portfolio investments, the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, and the Fund may be responsible for the content of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such portfolio investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the relevant Funds. The Adviser generally will establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of the Fund, the investors of the Fund may be required to repay to the Fund or to pay to creditors of the Fund distributions previously received by them.
- *Adverse Consequences of Ownership of Controlling Interest in Portfolio Companies.* It is expected that the Funds will often own a controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by the applicable Fund, contractual arrangements between the portfolio company and the Fund, and other relevant factual circumstances, could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the relevant Fund. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, the Fund may often be thought to control, participate in the management of or influence the conduct of portfolio companies. These factors could expose the assets of the Funds to claims by a portfolio company, its other security holders, its creditors or governmental agencies.
- *Third Party Involvement.* The Funds may co-invest with third-parties through partnerships, joint ventures or other entities. 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 which are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objective of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-venturer or partner.

- *Formation of Successor Funds.* The Adviser may, subject to restrictions included in the Governing Documents of certain Funds, organize or manage additional investment funds providing equity financing for leveraged acquisitions which may be competitive with the Funds, and there can be no assurance that the creation of such additional funds will not give rise to conflicts of interest between the investors of the respective funds.
- *Hedging Policies/Risks.* In connection with the financing of certain portfolio investments, the Adviser may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions.
- *Management Fee Payable Regardless of Performance.* Generally, the Advisory Fees are required to be paid to the Adviser even if the Funds experience net losses in a particular year or over the term of the Funds.
- *Mandatory Withdrawal.* The Adviser generally has the authority under the Governing Documents to permit or require an investor to withdraw from a Fund if the Adviser determines that the continued participation in the Funds of such investor could materially adversely affect such Fund (for example, by causing the Funds to be registered as an investment company under the 1940 Act, or causing the Fund's assets to be treated as "plan assets" under the U.S. the Employee Retirement Income Security Act of 1974, as amended ("ERISA")). The Funds may be required to liquidate investments in order to facilitate withdrawals. A reduction in the size of the Funds could result in greater concentration in a fewer number of investments.
- *Valuation of Assets.* There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. 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 may ultimately be sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets.
- *Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company. There is no assurance that such Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment, may result in a lost opportunity for such Fund to increase its participation in a successful operation, may result in the Fund's investment in the relevant portfolio company becoming

diluted and, in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for the Fund.

- *Material Non-Public Information.* By reason of their responsibilities in connection with their other activities, the Adviser (or its professionals or employees) may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. In addition, the information provided to investors by the Funds may include material non-public information about portfolio companies. The Funds will not be free to act upon any such material non-public information that they acquire, and investors may be restricted in their ability to buy or sell securities or bank debt of companies about which they have received material non-public information. Due to these restrictions, the Funds and investors may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.
- *Illiquid and Long-Term Investments.* Investment in the Funds requires a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to the investors. Many of the investments will be highly illiquid and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to the investors. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment in a portfolio company is made. The Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Funds may be prohibited by contract from selling certain securities for a period of time. Even where the Funds hold freely tradable publicly traded securities, the Funds' positions may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Funds wish to dispose of or reduce their position in such company by selling shares into the market.
- *Assumption of Contingent Liabilities.* In connection with an investment, a Fund may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if a Fund has assumed or guaranteed these liabilities, the obligation would be payable from the assets of such Fund, including the remaining commitments of investors.
- *U.S. Dollar Denomination of Interests; Foreign Currency and Exchange Rate Risks.* Interests are denominated in U.S. dollars. Investors subscribing for interests in a Fund in any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. In addition, the Funds' assets generally will be denominated in the currency of the jurisdiction in which the assets are located. Consequently, the return realized on any

investment by investors whose functional currency is not the currency of the jurisdiction in which the assets are located may be adversely affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the investment itself. The Funds may also incur costs when converting one currency into another. Each prospective investor should consult with his or her own counsel and advisors as to all legal, tax, financial and related matters concerning an investment in the interests of a Fund.

- Legal, Tax and Regulatory Risks.* Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund, its portfolio companies or investors. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The Funds may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules or regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects. Additionally, foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by such Fund, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where such Fund invests or in other jurisdictions.
- Investments Longer than Term.* A Fund may make investments that may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that such Fund will be dissolved, either by expiration of such Fund's term or otherwise. Although the Adviser expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution and the general partner of each Fund generally has a limited ability to extend the term of such Fund, the Fund may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of dissolution. The general partner of such Fund will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as the general partner shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, upon the dissolution of

the Fund. There can be no assurances, however, with respect to the time frame in which the winding up and the final distribution of proceeds to the investors will occur.

- *Risk Arising from Potential Control Group Liability.* Under ERISA, upon the termination of a tax-qualified single employer defined benefit pension plan, the sponsoring employer and all members of its “controlled group” will be jointly and severally liable for 100% of the plan’s unfunded benefit liabilities whether or not the controlled group members have ever maintained or participated in the plan. In addition, the Pension Benefit Guaranty Corporation (the “PBGC”) may assert a lien with respect to such liability against any member of the controlled group on up to 30% of the collective net worth of all members of the controlled group. Similarly, in the event a participating employer partially or completely withdraws from a multiemployer (union) defined benefit pension plan, any withdrawal liability incurred under ERISA will represent a joint and several liability of the withdrawing employer and each member of its controlled group. A “controlled group” includes all “trades or businesses” under 80% or greater common ownership. This common ownership test is broadly applied to include both “parent-subsidary groups” and “brother-sister groups” applying complex exclusion and constructive ownership rules. However, regardless of the percentage ownership that a Fund holds in one or more of its portfolio companies, the Fund itself cannot be considered part of an ERISA controlled group unless the Fund is considered to be a “trade or business”. While there are a number of cases that have held that managing investments is not a “trade or business” for tax purposes, in 2007 the PBGC Appeals Board ruled that a private equity fund was a “trade or business” for ERISA controlled group liability purposes and at least one Federal Circuit Court has similarly concluded that a private equity fund could be a trade or business for these purposes based upon a number of factors including the fund’s level of involvement in the management of its portfolio companies and the nature of any management fee arrangements. If a Fund were determined to be a trade or business for purposes of ERISA, it is possible, depending upon the structure of the investment by such Fund and/or its affiliates and other co-investors in a portfolio company and their respective ownership interests in the portfolio company, that any tax-qualified single employer defined benefit pension plan liabilities and/or multiemployer plan withdrawal liabilities incurred by the portfolio company could result in liability being incurred by such Fund, with a resulting need for additional capital contributions, the appropriation of Fund assets to satisfy such pension liabilities and/or the imposition of a lien by the PBGC on certain Fund assets. Moreover, regardless of whether or not the Fund was determined to be a trade or business for purposes of ERISA, a court might hold that one of the Fund’s portfolio companies could become jointly and severally liable for another portfolio company’s unfunded pension liabilities pursuant to the ERISA “controlled group” rules, depending upon the relevant investment structures and ownership interests as noted above.
- *Cybersecurity Risk.* The Adviser, the Funds’ service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Funds’ service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and

availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for the companies in which the Funds invests, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Item 10 is not applicable to the Adviser.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to every managing director, principal, partner, officer and employee of the Adviser (collectively, "Adviser Personnel"). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households will from time to time purchase certain investments for their own accounts, including the same investments purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser's Chief Compliance Officer (the "CCO") as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Carol Pereira, Chief Compliance Officer, Altamont Capital Partners, 400 Hamilton Avenue, Suite 230, Palo Alto, CA 94301.

Participation or Interest in Client Transactions

The Adviser and certain employees and affiliates of the Adviser invest in and alongside the Funds as direct or indirect investors in the Funds or otherwise. A Fund or the Adviser, as applicable, typically will reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including potential investors in a co-investment vehicle or purchasers of an investor’s interest in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time conflict with the interests of the Adviser, other Funds, co-investment vehicles or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser has in the past and may, from time to time in the future establish certain Funds through which certain employees of the Adviser or its affiliates, certain business associates, other “friends of the firm,” service providers, or other persons invest alongside one or more Funds in an investment opportunity. Such vehicles, referred to herein as “co-investment vehicles,” are generally not permitted to dispose of any equity co-investment with a Fund prior to that Fund, and any contemporaneous disposition of any such investment is generally required to be on substantially identical economic terms as those afforded the Funds that are invested in that investment opportunity and in the same proportions to the amount invested. Such co-investment vehicles typically will not pay Advisory Fees or Carried Interest.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser’s best judgment, but in its sole discretion. In resolving conflicts, the Adviser considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of

interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant Governing Documents of the Funds;
- One or more of the Funds have established an advisory board, consisting of at least three members designated by the Adviser who will be representatives of certain investors not affiliated with the Adviser. The advisory board meets as required to consult with the Adviser as to certain potential conflicts of interest. The advisory board will review all valuations made by the Adviser. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- Where the Adviser deems appropriate, unaffiliated third parties will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Conflicts

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

Allocation of Investment Opportunities Among Clients

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

- The Funds;
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in a particular transaction entered into by such Fund(s) (the investors in such co-investment vehicles may include Adviser Investors and/or individuals and entities that are not investors in any Funds (“Third Parties”));
- Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements are typically set forth in the applicable Fund’s Governing Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds will participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund’s investment objectives, strategies and structure. A Fund’s investment objectives, strategies and structure typically are reflected in the Fund’s Governing Documents. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities will generally be set forth in a Fund’s Governing Documents.
- **Related Investments:** the Adviser may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds that will participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser will consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund’s investment objectives and investment focus;
- Transaction sourcing;
- Each Fund’s liquidity and reserves;
- Each Fund’s diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund’s projected future capacity for investment;

- Each Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment and anticipated holding period of the portfolio company;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable Governing Documents of each Fund.

The Adviser will seek to make all allocations of investment opportunities among the Funds in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds, subject to any Investment Allocation Requirements. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

In addition, principal executive officers and other personnel of the Adviser, and certain service providers to the Funds and/or the portfolio companies, invest in and/or alongside the Funds and may therefore participate in investments made by the Funds. The interests of such personnel will vary fund by fund and may create an incentive to allocate particularly attractive investment opportunities to the fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Allocation of Co-Investment Opportunities and Secondary Transactions

Subject to any Investment Allocation Requirements, the Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the applicable Fund (after taking into account any portion of the opportunity allocated to certain participants in the applicable deal, such as service providers to the Adviser and/or the Funds or management teams or service providers of the applicable portfolio company, sellers, management, financial or strategic partners, operating partners, senior, subordinated or mezzanine lenders or holders of preferred stock or similar preferred equity interests, or any

lender or holder of preferred stock or similar preferred equity interest that holds common equity or warrants or other rights related thereto), and any such excess will be offered to one or more co-investors pursuant to the procedures included in such Funds' Governing Documents and as set forth in the following paragraphs.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of co-investment opportunities than originally requested, (iv) certain persons other than investors in the Funds (e.g., Third Parties) will, from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors will generally purchase their interests in a portfolio company at the same time as the Funds or will, on occasion purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the potential co-investors, the Adviser will consider some or all of a wide range of factors, which include, but are not limited to, one or more of the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investor's commitment;
- The potential co-investment amount;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or

other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;

- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

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

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;

- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationship that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- Requirements in such Fund's Governing Documents; and
- Such other facts as it deems appropriated under the circumstances in exercising such discretion.

A purchaser's potential investment into another Fund (including any commitment to a future fund) may be considered, but will not be the sole determining factor considered by the Adviser in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

Conflicts Related to Purchases and Sales

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. 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 may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of the Adviser may invest in debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund may be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser. Employees and related

persons of the Adviser and service providers to the Adviser have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

A Fund may invest in opportunities that other Funds have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds have invested.

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

A Fund has in the past and may, from time to time in the future sell down an interest in its portfolio companies to co-investors. Subject to the applicable Governing Documents, the Adviser may charge (or may decide not to charge) a co-investor (such as a Fund Investor or Third Party) interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity. While certain co-investment vehicles with investments contractually tied to the Fund (including co-investment vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee (whether pursuant to the applicable Funds’ Governing Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle

defaults on such arrangement, the Fund would be held responsible for the entire equity purchase price or reverse termination fee, as applicable.

Cross-Transactions

In certain cases, the Adviser will, from time to time cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, it is possible that a Fund will not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser and its professionals will potentially (i) have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its professionals receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and are typically also entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Governing Documents of certain Funds provide for the rebalancing of investments at certain times and at a cost set forth in those Governing Documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Managing Directors, in consultation with the CCO, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Fund where the Adviser is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

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

typically contain additional restrictions on the ability of the Funds or the Adviser to engage in principal transactions.

Management of the Funds

The Adviser manages a number of Funds that have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*” above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including funds raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

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

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund will, from time to time participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the Adviser

The Adviser has in the past and may in the future, in its discretion but subject to any limitations in the applicable Fund’s Governing Documents, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund or individuals and entities that are also investors in one or more Funds) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser has an incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser will from time to time, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund or individuals and entities that are also investors in one or more Funds) or (ii) an entity with which the Adviser or its affiliates or a member of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and equityholders, officers, principals and employees of the Adviser may buy or sell securities or other instruments that the Adviser has recommended to Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, the investing Adviser personnel will not share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics and any limitations in the applicable Fund's Governing Documents and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the Adviser is entitled to Carried Interest under the terms of the Governing Documents of the applicable Fund. The existence of the Carried Interest creates an incentive for the Adviser to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Pursuant to the Governing Documents, the Adviser may be required to return excess amounts of Carried Interest as a “clawback”. This clawback obligation may create an incentive for the Adviser to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the Adviser.

Fund-Level Borrowing

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay management fees, to make or facilitate new or follow-on investments, to make payments under hedging transactions, to cover any shortfall resulting from an investor’s default or exclusion or to fund capital contributions at the closing of an investment. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the general partner. In addition, fund facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

Although borrowings by a Fund have the potential to enhance overall returns that exceed such Fund’s cost of funds, such borrowings increase the potential exposure of such Fund to a particular investment above the level that such Fund would typically have had an investment been limited to equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than a Fund’s cost of funds. In addition, borrowings by a Fund are secured by capital commitments made by such Fund’s investors to such Fund as well as by such Fund’s assets and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of leverage by a Fund may cause the realization of “unrelated business taxable income.” To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly through a Fund facility, such Fund’s investors generally make correspondingly later capital contributions. As a result, a Fund’s use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than it otherwise would be without fund-level borrowing and can impact the carried interest such Fund’s general partner receives, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed. In addition, where a portfolio company borrows funds directly through a Fund facility, such Fund may charge the portfolio company borrower higher interest rates than the interest rate such Fund pays pursuant to such financing facility, among other things, to help offset origination and other facility costs.

Providers of Operations Support

A Fund's general partner and/or its portfolio companies will from time to time deploy individuals to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the

identification, acquisition, holding, improvement and disposition of such portfolio companies (“Operations Support Services”). These services may be high level insight, or extensive day-to-day roles, and include support to the Fund's general partner and/or its portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), assisting with the identification, due diligence and evaluation of prospective portfolio companies, ongoing consulting, director and other operational services, data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters. Individuals providing such Operations Support Services may be employees of the Adviser or consultants, advisers or other similar parties who are not employees of the Adviser. The nature of the relationship with such non-employee professionals, some of whom may work regularly with the Adviser in a non-employee role, be listed on the Adviser's website or have other indicia suggesting that they are professional staff of the Adviser (such as having an e-mail address or business cards including the name of the Adviser or an affiliate) (each such non-employee, an “Operating Partner”), and the time devotion requirements of each such Operating Partner may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operating Partners may be offered the ability to co-invest alongside Funds, including in investments in which such Operating Partner is involved or participates in the management thereof.

Pursuant to the Governing Documents of the applicable Fund, the Adviser will pay the compensation of its employees carrying out Operations Support Services. Fees and expenses associated with Operations Support Services carried out by Operating Partners (“Operations Support Expenses”) are paid and/or reimbursed by portfolio companies and/or the relevant Fund. Operations Support Expenses will be determined at the discretion of the general partner of the Fund taking into account the particular Operations Support Services, may include an annual fee or retainer, a discretionary bonus, profits or equity interest in the Fund and/or portfolio company or other incentive-based compensation to the Operating Partner, and will otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. Operations Support Expenses will, from time to time also be incurred in respect of portfolio companies prior to the closing of the investment. In the event one or more Operating Partners (directly or indirectly) is providing services with respect to more than one Fund, subject to the Governing Documents of the applicable Fund, such Operations Support Expenses generally will be allocated among the Funds as determined by applicable general partners in a fair and equitable manner. To the extent any such Operations Support Expenses are payable to any Operating Partner, or the Adviser is reimbursed for such Operations Support Expenses, by the a Fund or a portfolio company, such Operations Support Expenses will not reduce any fees otherwise payable to the Adviser or its affiliates. In certain circumstances, such as during a “ramp-up” phase of one of the Operating Partners, the Adviser will fund all or a portion of such

Operating Partner for a period of time until such compensation can be taken over on a going forward basis by portfolio companies directly. Such portfolio companies generally will later reimburse the Adviser for all fees and costs incurred by the Adviser with respect to such Operating Partner before such fees and costs are taken over by portfolio companies, and such reimbursement payments will not reduce any fees otherwise payable to the Adviser or its affiliates. Each general partner's good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Support Expenses) and the allocation of such fees and expenses shall be binding on each applicable Fund and its investors.

Although the use of Operating Partners and allocation of Operations Support Expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser believes any such potential conflicts of interest are mitigated by the expected savings to the portfolio companies (and, in turn, the relevant Fund(s)) that will be applied if the cost of the Operating Partner is lower than market rates for the services provided, or if the services provided by the Operating Partners are consistent with the business strategy the Adviser has for the relevant portfolio company.

Diverse Membership

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser will consider the investment and tax objectives of the applicable Fund and the investors as a whole, not the investment, tax or other objectives of any investor individually.

Business with Portfolio Companies and Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of recommending portfolio company services to other portfolio companies of the Funds, which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while it is possible that the products or services recommended are not necessarily the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Adviser generally has an incentive to recommend the products or services of certain investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though it is possible that the products or services recommended are not necessarily the best available to the Funds or the portfolio companies.

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

The Adviser and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company may compete with, be a customer of, or be a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, the Adviser is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to the portfolio company owned by another Fund.

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by the Adviser or the Adviser's affiliates that, although the Adviser determines to be consistent with the requirements of such Funds' Governing Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may involve fees and/or servicing payments to affiliates of the Adviser that are not subject to the Advisory Fee offset provisions described herein. For example, the Adviser may cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to the Adviser, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio companies. However, it

should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

Certain members of a Fund's advisory board are, or in the future could be, officers or directors of, or otherwise affiliated with, investors in another Fund. The Adviser will from time to time utilize the services of investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

Service Providers

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies. Such service providers are, in certain circumstances, investors in a Fund and may include, for example, investment bankers, outside legal counsel, pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that the Adviser may have with a service provider can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, will favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While the Adviser often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which the Adviser receives more favorable service rates or arrangements than the Funds or their portfolio companies.

Positions with Portfolio Companies

Employees of the Adviser will from time to time serve as directors of portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of a Fund, it is expected that the interests will generally be aligned. Additionally, the Advisory Fee of certain Funds is offset by such Fund's pro rata share of any

director's compensation paid to such employees by any portfolio company in which such Fund has an investment, as provided in such Fund's Governing Documents. In addition, employees of the Adviser may leave the employment of the Adviser and become an officer, director or employee of a portfolio company, and no compensation (including any incentive or equity compensation) paid by a portfolio company to a former employee of the Adviser will offset or otherwise reduce the Advisory Fee paid by a Fund to the Adviser.

Additionally, certain Adviser personnel may be seconded to one or more portfolio companies and provide finance and other services to such portfolio companies and the compensation and expenses for such personnel during the secondment may be borne by the portfolio companies. To the extent the Adviser receives any fees or expense reimbursement from a portfolio company with respect to such personnel, in the event that employee is not a director of the Adviser and is spending a material portion of his or her business time in a non-director management role at the portfolio company, it is expected that they will not result in any offset against the Advisory Fees payable by a Fund.

Side Letter Agreements; Advisory Committee Rights

The Adviser often enters into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights, consent rights, withdrawal rights due to adverse tax or regulatory events and liquidity or transfer rights. Except as otherwise agreed with an investor, the Adviser is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Many of the Funds have established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

Other Potential Conflicts

The Governing Documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will

construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds could be investors in a Fund, and could also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds and/or the Adviser, the parties will engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation could be required. Additionally, the Adviser and the Funds will at times engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser and the Funds in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds. In addition, the Adviser and its affiliates, including its employees, will, from time to time, receive discounts on services and/or products from portfolio companies. Such discounts are generally equal to, or less than, the discounts provided by the portfolio company to its own employees.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit the Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies.

The Adviser has in the past and may, in its discretion, in the future have and cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their portfolio companies would bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there exists a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Funds may create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company (“Holding Company”) would be created that would acquire and manage the companies in the platform. The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. The Holding Company’s costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of the Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by the applicable Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest from the Funds, the Adviser will benefit from the assets, income and gains of Holding Company.

The Governing Documents of certain Funds permit the Adviser to cause such Fund to distribute the Adviser’s share of securities resulting from an investment disposition by such Fund to the Adviser in kind, while disposing of investors’ share of such securities and distributing the net cash proceeds of such sale of securities to the investors. This ability creates conflicts of interest between the Adviser and the investors of the applicable Fund, because the Adviser has an incentive to cause the Fund to exit an investment at a time that will result in investors receiving a lesser return on such investment than would be the case if the Adviser was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as investors). Furthermore, the Adviser, or its affiliates, from time to time receive distributions in kind from an investment disposition. In the event the Adviser, or its affiliates, receive such a distribution, the Adviser is permitted to act in its own interest with respect to its share of securities and could determine to sell the distributed securities, or hold on to the distributed securities for such time as the Adviser shall determine. The ability of the Adviser to act in its own interest with respect to such distributed shares creates a conflict of interest between the Adviser or affiliate, as an adviser to the Fund, and the Fund.

The Governing Documents of certain Funds permit the Adviser to withhold information from certain investors or investors in such Fund in certain circumstances. For instance, certain information will typically be withheld from investors that are subject to Freedom of Information Act or similar requirements. The Adviser will often elect to withhold certain information to such investors for reasons relating to the Adviser’s public reputation or overall business strategy, despite the potential benefits to such investors of receiving such information.

Please see the discussion above under the sub-heading “Resolution of Conflicts” for a description of the means by which the Adviser and its related persons will seek to alleviate conflicts of interest among the Funds or other persons.

Item 12. Brokerage Practices

As the Funds invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments

pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

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

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser’s investment team takes into account all factors that it deems relevant to the broker’s or dealer’s execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser is permitted to consider the use of Electronic Communications Networks (“ECNs”) when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the investment team, in consultation with the CCO, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

To the extent consistent with achieving best execution, the Adviser is permitted to also consider other business a particular broker or dealer has done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser’s principals. The Adviser will from time to time “pay up” (e.g., pay a higher commission to execute a trade than the lowest available negotiated commission) using a portion of a broker-dealer’s brokerage commission (i.e., soft dollars) for brokerage and research services in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended. A broker-dealer providing such brokerage and research services may receive a commission that is in excess of the amount of commission another broker-dealer would have received for effecting that transaction provided the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful and of value to the Adviser in rendering investment advice to all or a significant portion of the Funds, or may be relevant and useful for the management of one or only a few Funds’ accounts, regardless of whether such account or

accounts paid commissions to the broker-dealer through which the research service was provided. The Adviser will only make securities transactions that it in good faith believes are in the best interest of the Fund. A conflict of interest exists when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that charge lower commissions.

Aggregation of Trades

The Adviser will from time to time aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions typically will enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser will from time to time combine orders on behalf of Funds with orders for other Funds for which it has trading authority, or in which it has an economic interest. In such cases, the Adviser generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on a periodic basis. The team generally includes Managing Directors and other investment professionals of the Adviser.

Reporting

Investors in the Funds typically receive, among other things, a copy of financial statements of the relevant Fund after the fiscal year end of such Fund. Some Funds also receive quarterly performance reports after each fiscal quarter end. The Adviser will, from time to time, in its sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as it deems appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons will, in certain instances, receive

discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

While not a client solicitation arrangement, the Adviser will from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such Fund will typically, subject to any limitations set forth in its Governing Documents, reimburse such fees. Advisory Fees received by the Adviser are generally reduced by the amount of such fees paid by the Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

Item 15. Custody

As the Adviser relies on the “audit exemption” under the Advisers Act custody rules (i.e., Rule 206(4)-2(b)(4)) with respect to certain Funds, investors in such Funds will not receive account statements from such Funds' custodians.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds and not individually to the investors in such Funds. Services are provided to the Funds in accordance with the applicable Fund's Governing Documents. Investment restrictions for the Funds, if any, are generally established in the applicable Fund's Governing Documents.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund's holdings, taking into account the relevant Fund's investment horizon, the contractual obligations under the applicable Fund's Governing Documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser's Managing Directors or the other relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser's Vote.

All Voting decisions initially are referred to the appropriate investment professional for a voting decision. In most cases, the investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. The investment professional will inform the Managing Directors and the CCO of any such Voting decision, and if the Managing Directors and the CCO, after considering the results of the CCO's conflict of interest review and the other factors they deem relevant, do not object to such decision, the Vote will be voted in such manner. If the investment professional, the Managing Directors and the CCO are unable to arrive at an agreement as to how to vote, then the CCO will typically consult with the most senior Managing Director, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

The CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the CCO deems appropriate in his or her sole discretion, unaffiliated third parties will be used to help resolve conflicts. In this regard, the CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Carol Pereira, Chief Compliance Officer, Altamont Capital Partners, 400 Hamilton Avenue, Suite 230, Palo Alto, CA 94301.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.