

**FIRM BROCHURE**

**Dragoneer Investment Group, LLC**

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**March 31, 2017**

**This brochure provides information about the qualifications and business practices of Dragoneer Investment Group, LLC (“Dragoneer”). If you have any questions about the contents of this brochure, please contact us at 415-539-3105 and/or email: michael@dragoneer.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

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

**Dragoneer is registered as an investment adviser with the SEC. SEC registration 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 our brochure dated March 30, 2016. This brochure contains a change to our address, routine annual updates to the prior brochure, as well as certain other updates, including those regarding payments of fees and expenses by advisory clients and portfolio companies, risk factors and conflicts of interest. Please review this Brochure carefully and in its entirety.

## **Item 3. Table of Contents**

|  | <b>Page</b> |
|--|-------------|
| <b>Item 4. Advisory Business .....</b>   | <b>2</b>    |
| <b>Item 5. Fees and Compensation .....</b>   | <b>3</b>    |
| <b>Item 6. Performance-Based Fees and Side-By-Side Management .....</b>                                    | <b>7</b>    |
| <b>Item 7. Types of Clients .....</b>  | <b>8</b>    |
| <b>Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....</b>                            | <b>8</b>    |
| <b>Item 9. Disciplinary Information.....</b>   | <b>33</b>   |
| <b>Item 10. Other Financial Industry Activities and Affiliations.....</b>                                  | <b>34</b>   |
| <b>Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b> | <b>34</b>   |
| <b>Item 12. Brokerage Practices .....</b>  | <b>43</b>   |
| <b>Item 13. Review of Accounts .....</b>   | <b>44</b>   |
| <b>Item 14. Client Referrals and Other Compensation.....</b>   | <b>44</b>   |
| <b>Item 15. Custody .....</b>  | <b>44</b>   |
| <b>Item 16. Investment Discretion .....</b>  | <b>44</b>   |
| <b>Item 17. Voting Client Securities .....</b>   | <b>45</b>   |
| <b>Item 18. Financial Information.....</b>   | <b>45</b>   |
| <b>Item 19. Requirements for State-Registered Advisers .....</b>   | <b>45</b>   |

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

For purposes of this brochure, “we,” “us” and “our” refer to Dragoneer, 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 Dragoneer, but possess a substantial identity of personnel and/or equity owners with Dragoneer. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds, or may serve as general partners of the Funds.

Dragoneer is a Delaware limited liability company that was formed in February 2012 and is owned by its members and controlled by Marc Stad.

Dragoneer provides discretionary investment advisory services to (i) privately offered funds or series of privately offered funds for which it acts as sponsor (each such fund or series, a “Fund” and together, the “Funds”) and (ii) persons or entities (including private funds) on a managed account basis for which Dragoneer does not act as sponsor (each such arrangement, a “Managed Account,” and the person(s) or entity(ies) funding a Managed Account, a “Managed Account Client”). For the purposes of this brochure, a “Client” will refer to a Fund (and not the investors in a Fund) and/or a Managed Account Client.

As of December 31, 2016, Dragoneer had approximately \$2.63 billion in regulatory assets under management.

##### Funds.

Dragoneer currently serves as investment adviser to several Funds. Each Fund is exempt from registration as an investment company pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “1940 Act”). Dragoneer provides investment advice with respect to both public and private companies. Dragoneer seeks to construct concentrated investment portfolios for the Funds of high-quality companies characterized by rapid growth, defensible competitive positions, large addressable markets, solid financial models (including attractive margins and cash flow generation), and strong management.

Some of the Funds are organized in a mini-master feeder structure. The feeder funds are expected to invest substantially all of their assets in their respective master funds.

From time to time, Dragoneer may form capital around a particular investment strategy or theme, or establish, on a transaction-by-transaction basis, investment vehicles, separately managed accounts or other accounts or arrangements through which certain persons generally invest alongside or with one or more Funds or other Clients (each, a “Co-Investment Vehicle”).

##### Managed Accounts.

Dragoneer works with each of its Managed Account Clients to develop investment guidelines based upon the Client’s specific investment objectives. Managed Account advisory services are governed by written agreements (“Managed Account Agreements”) between Dragoneer and the Managed Account Client. Dragoneer manages Managed Accounts under a

broad range of mandates. Managed Account Clients may amend their investment guidelines as their needs change or impose restrictions on investing in certain securities or types of securities.

Further details regarding Dragoneer's management of the Funds and Managed Accounts is provided below in Item 8.

Dragoneer does not participate in any wrap fee programs.

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

Detailed below is a brief summary of certain fees and expenses paid by Clients. Investors and prospective investors in a Fund are advised to review a relevant Fund's offering materials and other constituent documents for a more comprehensive discussion of fees and expenses. Neither Dragoneer nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **Funds**

*Advisory Fees.* Dragoneer generally charges asset-based investment advisory fees (which in other contexts are commonly referred to as "management fees") to Funds pursuant to their applicable investment management agreements (each, an "IMA"). Advisory fees paid by a Fund are indirectly borne by its investors. Such advisory fees are deducted from Fund assets and generally payable quarterly in advance or in arrears, depending upon the Fund. The amount of any investment advisory fee is prorated for periods of less than a full billing cycle at the beginning or end of our provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of our investment advisory services. Our IMAs generally impose some restrictions on a Fund's ability to terminate the agreement. The specific restrictions may vary depending on the Fund.

Dragoneer establishes and negotiates with investors in the applicable Fund the precise amount of, and the manner and calculation of, the advisory fees. Such Fund's IMA and limited partnership agreement or other constitutional and/or offering documents (collectively, "Governing Documents") received by each investor prior to its investment in the Fund set forth the precise amount of, and the manner and calculation of, the advisory fees.

Certain investors in a Fund, including, for example, the Fund's general partner, its affiliates and their personnel and certain "friends and family," pay reduced or no advisory fees at the discretion of the Fund's general partner (though these investors generally pay their pro rata share of certain Fund expenses).

Please see Item 11 for a description of the side letter agreements we and our related advisers enter into with certain investors in the Funds that provide such investors with customized terms, including with respect to reduced advisory fees.

Please see Item 6 for more information on incentive compensation.

*Expenses.* Each Fund is generally responsible for all legal, consulting and other expenses incurred in the formation of the Fund and the offering of interests therein (including, without limitation, related first class, chartered or other air travel, hotel, entertainment and other expenses of Dragoneer personnel).

Dragoneer is generally responsible for its overhead expenses such as rent, utilities, supplies, secretarial expenses, stationery, charges for furniture, fixtures and office equipment, employee benefits including payroll and other taxes and compensation of its employees.

Each Fund is generally responsible for all other costs, expenses and liabilities incurred by the Fund and Dragoneer and its affiliates in connection with the Fund's operations, including, without limitation:

- all investment-related expenses, whether or not an investment is consummated, including, without limitation, expenses in connection with:
  - obtaining third-party market research or market data, fees and expenses (which may include costs of retainers and transaction-based compensation or success fees, some of which may be discretionary) of consultants (including fees paid to "expert network" firms in connection with potential and existing investments);
  - investment bankers and other third-party service providers engaged by or in connection with the Fund;
  - bridge financings (including related expenses which may be payable to a Fund or to Dragoneer or an affiliate thereof);
  - travel (including, without limitation, related first class, chartered or other air travel, hotel and other expenses), meal and entertainment expenses (including those of Dragoneer, its affiliates and their respective personnel) in connection with investigating and monitoring potential and existing investments, and expenses related to attending trade association meetings, conferences or similar meetings in connection with the evaluation of investment opportunities or business sector opportunities;
  - management, development, profit-sharing or other fees or expenses (including, in certain instances, an operating partner's operational expenses) charged by any operating partners or third parties who manage or source investments;
  - expenses and liabilities payable to persons other than affiliates of Dragoneer and related to the diligence, purchase, sale, settlement, transfer, servicing or custody of investments, including legal, accounting, commitment, structuring or underwriting fees, brokerage commissions and spreads; and
  - expenses (including interest expense) incurred in connection with any indebtedness or other credit arrangement, including any line of credit, loan commitment or letter of credit for the Fund or related to one or more Fund investments.

- the legal, accounting and other expenses incurred in forming and maintaining any alternative investment vehicle, or special purpose vehicle for making or holding Fund investments (whether or not such investments are consummated);
- administrative expenses of the Fund payable to persons other than affiliates of Dragoneer, including the fees associated with legal, accounting, bookkeeping, tax compliance and audit professionals, the cost of preparing reports to investors, expenses and costs of order management and portfolio management systems, and expenses and costs of any advisory committee or any other committee formed with respect to the Fund or any investment;
- expenses incurred in connection with information technology systems (including the costs of developing, implementing and maintaining computer software and hardware and other technological systems);
- fees and expenses related to third-party valuation agents engaged by or in connection with the Fund;
- costs and expenses related to risk management assessment; and
- all litigation-related (including in respect of any investigations and/or other proceedings or inquiries), indemnification and insurance expenses, including the premiums associated with obtaining general partner liability insurance, errors and omissions insurance, directors' and officers' insurance, and crime/fidelity insurance.

### **Managed Accounts**

The Managed Accounts' fee and compensation arrangements are established in the Managed Account Clients' investment management and operating agreements with Dragoneer and its affiliates. These Managed Accounts may have performance incentive fees or allocations and these Managed Account Clients reimburse certain Dragoneer operating expenses, generally including the same types of operating expenses listed above for the Funds. Some Managed Account Clients may pay management fees that are calculated with methodologies addressed in the Managed Accounts' client agreements. The amount of any management fee is prorated for periods of less than a full billing cycle at the beginning or end of our provision of investment advisory services, and any prepaid amount in excess of the prorated fee will be returned upon termination of our investment advisory services.

### **Portfolio Fees**

Dragoneer, its affiliates and their respective officers, employees, partners, and members may receive directors', transaction, upfront, break-up, advisory or other fees in connection actual or contemplated Client investments (collectively, "Portfolio Fees"). A payment of Portfolio Fees to such persons could create a conflict of interest because the amounts of such Portfolio Fees may be substantial and the relevant Clients and their investors generally would not have a direct interest in these fees. Dragoneer would determine 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 would not

typically be disclosed to investors in the relevant Clients. Fees that are allocated to Clients will be shared with such Clients and their investors in accordance with and to the extent required by their Governing Documents, which may permit Dragoneer and/or its affiliates to retain such fees and not share them with such Clients or investors. In addition, the payment of monitoring fees may be accelerated upon certain events, including the occurrence of an initial public offering or strategic exit. Since the relevant 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 a Client's investment in such portfolio company. In general, a Client's pro rata share of Portfolio Fees will be based on the share of equity invested by such Client in relation to all equity invested or proposed to be invested by one or more other Clients and certain other persons in the particular transaction. Generally, the portion of Portfolio Fees allocable to capital invested by a Client, co-investment vehicle or third-party investor that does not pay advisory fees will be retained by Dragoneer and such amounts will not offset any advisory fee.

### **Payments Made to Third Parties**

Dragoneer and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of Dragoneer and who may, 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 Dragoneer and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Clients or their investors.

### **Expense Reimbursement**

Additionally, a portfolio company may reimburse Dragoneer for expenses, including without limitation, expenses for chartered, first class or other air travel, other travel expenses, meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals (inside and 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 and non-cash compensation and expenses, incurred by Dragoneer in connection with its performance of services for such portfolio company; such reimbursed expenses are generally 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.

### **Calculation and Allocation of Certain Costs and Expenses**

A conflict of interest could arise with respect to Dragoneer's determination of whether certain costs or expenses (or portions thereof) that are incurred in connection with the operation or activities of a Client are expenses for which the Client is responsible, or are expenses that

should be borne by Dragoneer or one or more other Clients. Each Client will generally be reliant on the determinations of Dragoneer with regard to the allocation of investment expenses and any common operating and other expenses as between the Client and any other Client(s).

Fees and expenses incurred in connection with “broken deals,” or potential investments that Dragoneer considers but does not consummate, will generally be allocated to one or more Clients. Allocation decisions with respect to such fees and expenses may be made while a transaction is pending, based upon several factors Dragoneer deems relevant but that are difficult to predict in advance, including, without limitation, Dragoneer’s estimate of which Clients are ultimately likely to be allocated the investment opportunity which, in turn, may be founded on various considerations, including without limitation, the size of the relevant Clients, the relevant Clients’ investment objectives and strategies and the size of the contemplated transaction. Further, Dragoneer may determine not to allocate, and frequently will not allocate, any fees and expenses for a “broken deal” to co-investors, including co-investment vehicles affiliated with Dragoneer (if any).

### **Brokerage Fees**

When a broker is used in connection with an investment by a Client, such Client 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**

The Funds generally allocate a portion of their investment profits or gains (for certain Funds and in certain circumstances, whether realized or unrealized) to their general partners, which are affiliated with Dragoneer, as a carried interest or a performance allocation, as set forth in each Fund’s Governing Documents. Managed Account Clients may similarly pay performance fees, carried interest or a performance allocation to Dragoneer or our affiliates, as set forth in the Managed Accounts’ client agreements. Co-Investment Vehicles also may, in some cases, allocate a portion of their investment profits to their general partners, which are affiliated with Dragoneer, as a carried interest, as set forth in the relevant organizational documents for each Co-Investment Vehicle. Such entitlement to performance-based distributions or fees creates an incentive for us to take risks in managing the Clients and Co-Investment Vehicles that we would not otherwise take in the absence of such arrangements.

There is a reduced allocation or no allocation of carried interest, incentive allocation, excess cash flow or performance allocations, as applicable, with respect to certain investors in certain Funds, including, for example, the Fund’s general partner, its affiliates and certain “friends and family.”

Additionally, the allocation of carried interest, incentive allocation or performance allocations or the payment of performance fees, as applicable, at different rates creates an incentive for us or our affiliates to disproportionately allocate time, services or functions to Clients and vehicles allocating or paying such amounts at a higher rate, or to allocate investment opportunities to such Clients and vehicles. We have adopted policies and procedures that, among other things, seek to ensure that investment opportunities are allocated in a manner that



we believe is consistent with the relevant Governing Documents and otherwise fair and reasonable over time, considering such factors as we deem relevant, but in our sole discretion. See Item 11 below for additional information relating to how we generally address conflicts of interest.

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

Dragoneer intends to provide investment advice to Funds and the Managed Account Clients, as discussed in Item 4 above. Dragoneer may advise different types of clients in the future.

Each investor in the Funds (“Investor”) must generally be an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended (“1933 Act”), and either (1) a “qualified purchaser” under the 1940 Act, (2) a “qualified client,” as defined in Rule 205-3 under U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”), or (3) a “knowledgeable employee” as such term is defined in Section 2(a)(51) of the 1940 Act. Additional restrictions may apply, and are set forth in the Governing Documents for each Fund.

Some (but not all) of the Funds impose a minimum initial investment requirement of up to \$25 million, which may be waived at the discretion of Dragoneer.

Each Managed Account will typically be structured to accommodate the investment guidelines and control requirements of its particular investors. The conditions for starting and maintaining a Managed Account will vary with the circumstances of each Managed Account and be negotiated and set forth on an individual basis in the relevant Managed Account Agreement.

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

The methods of analysis and significant investment strategies used by Dragoneer with regard to the Funds are set forth below. The methods of analysis and significant investment strategies used by Dragoneer with regard to Managed Account Clients vary depending on the needs of each Managed Account Client, but are expected to be generally comparable to those described below for the Funds.

Returns on investments in the Funds and Managed Accounts are not guaranteed; the instruments in which the Funds and Managed Accounts invest may lose value. An investment in a Fund or Managed Account involves a risk of total loss that an Investor or Managed Account Client should be prepared to bear.

*Significant Strategies and Methods of Analysis.* Dragoneer will seek to achieve the investment objective of each Fund and Managed Account by utilizing a multi-disciplined investment approach, the foundation of which is rigorous company-specific fundamental analysis. Dragoneer invests in both public and private companies, depending on the strategy of the Client.

Dragoneer seeks to develop a concentrated portfolio of long-term equity positions in companies with significant growth potential, sustainable competitive advantage and excellent

financial models. Dragoneer conducts primary research, seeking to understand the economics, competitive dynamics, and long-term prospects of the companies in which Dragoneer seeks to invest. Dragoneer makes investments in these high-quality companies when it believes they are priced at levels that offer the potential for excellent risk-adjusted returns. Investments are made in the open market or in negotiated placements. While these investments are frequently passive, Dragoneer's research efforts and long-term orientation often lead to lasting relationships with corporate management teams. On occasion, Dragoneer may create co-investment structures designed to facilitate specific investments.

For Funds and Managed Accounts comprised of publicly traded securities, Dragoneer employs a long-biased, value-oriented strategy focusing primarily on investing and reinvesting each Fund's assets principally in equities (but may invest in options, warrants, and debt securities) of U.S. and non-U.S. corporations traded on U.S. and non-U.S. securities exchanges.

Dragoneer's value-oriented strategy is a research-intensive approach that requires the identification and detailed evaluation of securities offering a favorable risk/return profile. Dragoneer does much of its own primary research and believes that intense, thorough analysis will provide the Funds with a competitive advantage. In many cases, independent, fundamental analysis and a deep network of contacts help create the opportunity to find and capitalize on investment opportunities that are not easily accessible or are misunderstood or overlooked by large institutions and other market participants. In certain cases, this research will help identify which companies are suitable to be held as long-term positions and which companies are more appropriately considered as shorter-term opportunities.

The fundamental research required by this strategy typically includes an analysis of a company and its competitors' financial statements, as well as meetings with and/or diligence on a company's management, its competitors, customers and suppliers. Other sources of information to be considered include industry consultants, trade shows and publications. In many cases, these sources coupled with the investment professionals' experience offer a different perspective on a situation than "the market" offers, and allows Dragoneer to reach an independent assessment surrounding value.

There can be no assurance that the Funds and Managed Accounts will achieve their investment objectives or avoid substantial losses.

*Certain Material Risks.* Some of the material risks of investing in the Funds and Managed Accounts include (but are not limited to) the following:

- *Risks Associated with Valuation.* There is no actively traded market for many of the securities owned by the Clients, in particular securities issued by private companies. When estimating fair value, Dragoneer will apply a methodology based on its judgment of what is appropriate in light of the nature, facts and circumstance of the investments. Because such valuations, and particularly valuations with respect to debt instruments and securities of private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, Dragoneer's determinations of the fair value of one or more investments may differ materially from the actual realizable values of such investments. 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 will likely differ from the prices at which such securities may ultimately be sold. A Client's financial condition and results of operations could be adversely affected if the fair value determinations with respect to such investments were materially higher than the values that such Client ultimately realizes upon the disposition of such investments. In addition, Dragoneer may rely on information provided by outside parties, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. Dragoneer may be unable to detect an error contained in the valuation information. To the extent the information received by a Client is inaccurate or unreliable, the valuation of such Client's assets and liabilities may be inaccurate. Furthermore, third-party pricing information may at times not be available regarding certain of a Client's assets. With respect to the Clients, the exercise of discretion in valuation by Dragoneer will give rise to conflicts of interest, as the performance allocation and IRRs of certain Clients are calculated based, in part, on these valuations and such valuations affect performance calculations.

- *Risks from Dispositions of Investments.* In connection with the disposition of an investment, a Client may be required to make representations about the business and financial affairs of a portfolio company, or may be responsible as a selling stockholder for the contents of disclosure documents under applicable securities laws. The Client may also be required to indemnify the purchasers of such investments or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading or for other reasons. If the assets of the Client are insufficient to pay such indemnification obligations, the investors may be required to contribute distributions received by them to pay such obligations.
- *Broad Indemnification.* A Client may enter into agreements containing various provisions limiting the liability of the service providers to the Client (including Dragoneer, any administrator, any placement agent and their affiliates, employees, officers and directors) and other persons, and provide broad indemnification to such persons. U.S. federal and state securities laws impose liabilities under certain circumstances on persons that cannot be waived by contract, other agreements or documents. Therefore, nothing in those agreements should be deemed or construed in a manner that purports to waive or limit any right to the extent prohibited by law. A Client may also provide broad indemnities, representations, warranties and covenants in connection with the acquisition, management and disposition of investments or otherwise in connection with the Client's investment program. Indemnification claims may be material and have an adverse effect on a Client's returns. The indemnification obligations of a Client would be payable from the assets of the Client.
- *Third-Party Litigation.* A Client's investment activities may subject it to the risks of becoming involved in litigation with third parties. These risks are elevated where a Client exercises control or significant influence over an issuer's direction, becomes involved in official or unofficial creditor committees or becomes involved in

activities that are hostile in nature. The expense of defending against any claims by third parties and paying any amounts pursuant to settlements or judgments will generally be borne by the applicable Client.

- *Material Non-Public Information.* Dragoneer expects to, from time to time, come into possession of material non-public information concerning certain private and public companies. Under applicable securities laws, this may limit Dragoneer's ability to buy or sell securities issued by such companies on behalf of Clients. Alternatively, Dragoneer may decline to receive material non-public information in order to avoid investment restrictions, even though access to such information might have been advantageous and other market participants are in possession of such information.
- *Business, Legal, Tax and Other Regulatory Risks.* Legal, tax and regulatory changes (both within and outside the United States) could occur during the term of a Client that may adversely affect such Client. New (or revised) laws or regulations may be imposed by the IRS, the SEC, the U.S. Commodity Futures Trading Commission ("CFTC"), the U.S. Treasury Department, the U.S. Federal Reserve or other banking regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect such Client. In particular, these agencies are empowered to promulgate a variety of new rules pursuant to financial reform legislation in the United States. A Client may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. The regulatory environment for private funds is evolving, and changes in the regulation of private funds may adversely affect the value of the investments held by a Client and the ability of such Client to execute its investment strategy. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The CFTC, the SEC, the Federal Deposit Insurance Corporation (the "FDIC"), other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

*Changes to Derivatives Regulation.* Through comprehensive new global regulatory regimes impacting derivatives (e.g., the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the European Market Infrastructure Regulation, Markets in Financial Instruments Regulation/Markets in Financial Instruments Directive (II)), certain over-the-counter derivatives transactions in which some Clients may engage are either now or will soon be subject to various requirements, such as mandatory central clearing of transactions which include additional margin requirements and in certain cases trading on electronic platforms, pre- and post-trade transparency reporting requirements and mandatory bi-lateral exchange of initial margin for non-cleared swaps. The Dodd-Frank Act also created new categories of regulated market participants, such as "swap dealers," "security-based swap dealers," "major swap participants," and "major security-based swap

participants” who are subject to significant new capital, registration, recordkeeping, reporting, disclosure, business conduct and other regulatory requirements. The European Union and some other jurisdictions are implementing similar requirements. Because these requirements are new and evolving (and some of the rules are not yet final), their ultimate impact remains unclear. However, even if a Client itself is not located in a particular jurisdiction or directly subject to the jurisdiction’s derivatives regulations, such Client may still be impacted to the extent such Client enters into a derivatives transaction with a regulated market participant or counterparty that is organized in that jurisdiction or otherwise subject to that jurisdiction’s derivatives regulations.

Based on information available as of the date of this Brochure, the effect of such requirements will be likely to (directly or indirectly) increase a Client’s overall costs of entering into derivatives transactions. In particular, new margin requirements, position limits and significantly higher capital charges resulting from new global capital regulations, even if not directly applicable to a Client, may cause an increase in the pricing of derivatives transactions entered into by market participants to whom such requirements apply or affect the overall ability of such Client to enter into derivatives transactions with certain counterparties. Such new global capital regulations and the need to satisfy the various requirements by counterparties have resulted in increased funding costs, increased overall transaction costs, and significant balance sheets effects, thereby resulting in changes to financing terms and potentially impacting a Client’s ability to obtain financing. Administrative costs, due to new requirements such as registration, recordkeeping, reporting, and compliance, even if not directly applicable to a Client, may also be reflected in such Client’s derivatives transactions. New requirements to trade certain derivatives transactions on electronic trading platforms and trade reporting requirements may lead to (among other things) fragmentation of the markets, higher transaction costs or reduced availability of derivatives, and/or a reduced ability to hedge, all of which could adversely affect the performance of a Client’s trading strategies. In addition, changes to derivatives regulations may impact the tax and/or accounting treatment of certain derivatives, which could adversely impact a Client.

In addition, there is no assurance that a Client itself will not be determined to be a swap dealer, major swap participant, security-based swap dealer, major security-based swap participant or otherwise become subject to new entity-level regulation as a result of the Dodd-Frank Act or other global derivatives regulations. Such additional regulation could lead to significant new costs which could materially adversely affect the performance of a Client and thereby the return on an investment in such Client.

The CFTC and certain futures exchanges have established limits, referred to as “position limits,” on the maximum net long or net short positions which any person may hold or control in particular options and futures contracts. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a Client does not intend to exceed applicable position

limits, it is possible that different clients managed by Dragoneer and its affiliates may be aggregated for this purpose. It is possible that the trading decisions of Dragoneer may have to be modified and that positions held by a Client may have to be liquidated in order to avoid exceeding such limits. The modification of investment decisions or the elimination of open positions, if it occurs, may adversely affect the profitability of a Client.

*Changes to U.S. Risk Retention Requirements.* On October 21 and 22, 2014, six federal agencies (the FDIC, the Comptroller of the Currency, the Federal Reserve Board, the SEC, the Department of Housing and Urban Development, and the Federal Housing Finance Agency) adopted joint final rules implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act (the “Final U.S. Risk Retention Rules”). Subject to certain exceptions, the Final U.S. Risk Retention Rules require the “sponsor” of a securitization transaction (or a majority-owned affiliate of the sponsor) to retain, unhedged, at least 5% of the credit risk associated with the securitization until the latest of (x) the date that the securitization has paid down its securities to 33% of their original principal amount, (y) the date that the securitization has sold down its assets to 33% of their original principal amount and (z) the date that is two years after closing. In general, the retained risk must be held in the form either of (i) an “eligible vertical interest,” defined as either (x) a single vertical security or (y) an interest in each class of asset-based securities of the issuing entity that constitutes the same proportion of each class, in each case representing at least 5% of the total securities of each class, (ii) an “eligible horizontal interest,” defined as the most subordinated class of the issuer’s asset-based securities, representing at least 5% of the aggregate fair value of all of the issuer’s asset-based securities, as determined on the closing date of the transaction or (iii) a combination of the two. There is limited guidance on the application of the Final U.S. Risk Retention Rules to specific securitization structures, and their future impact on the securitization markets and on the future performance of a Client is uncertain. It is likely, however, that the requirements imposed by these rules will increase the costs to originators and securitizers of asset-backed securities, and these increased costs could be passed along to a Client if it were to invest in such securitized products. In addition, particularly in a situation where such Client securitizes existing investments by creating a special purpose vehicle and contributing a pool of Client assets to it or a related entity, it is possible that such Client or Dragoneer could be considered to be a sponsor of such securitization and as a result required to comply with the risk retention requirements of the Final U.S. Risk Retention Rules. Such a requirement would increase the costs to such Client or Dragoneer of structuring and investing in securitizations.

- *European Union Regulation of Private Funds.* The Directive on Alternative Investment Fund Managers (the “AIFM Directive”) regulates alternative investment fund managers that are based in the European Economic Area (“EEA”) or that market to investors in the EEA. The AIFM Directive places certain restrictions and requirements on Dragoneer if interests in a Client are marketed to investors in the EEA. These include (among other things) requiring the Client’s general partner to obtain authorization in EEA member state and to meet various potentially onerous

operational and organizational requirements in connection with such general partner's management of the Client. These various restrictions and requirements may impact the general partner's ability to market the Client to European investors or its ability to manage the Client. Moreover, if the general partner is required to or considers it desirable to obtain authorization, the various obligations which the AIFM Directive imposes may create certain additional compliance and other costs, some or all of which may be expenses of the Client.

- *United Kingdom Exit from the European Union.* A non-binding referendum took place in the United Kingdom (the "UK") on 23 June 2016 on whether the United Kingdom should remain in or leave the European Union (the "EU"). The outcome of the referendum resulted in an overall vote to leave the EU, by 51.9% against 48.1%. In order to start the process to leave the EU, the UK government will have to, inter alia, invoke Article 50 of the Treaty on European Union (the "TEU"), which contains a procedure for withdrawal. The UK government recently triggered Article 50 of the TEU. It will be necessary to monitor the progress of future negotiations with the EU.

The consequences of the referendum and any subsequent process to withdraw from the EU are uncertain, but may have a material adverse effect on the UK, European and global economies and currency and financial markets, the values of a Client's investments and such Client's ability to execute its investment strategy. Significant uncertainty remains in the market regarding the consequences, and the range and potential implications of possible political, regulatory, economic and market outcomes are difficult to predict.

- *Co-Investment Warehousing.* Some Clients from time to time may temporarily set aside, or "warehouse," a portion of an investment opportunity in order to facilitate a co-investment by one or more affiliated or third-party co-investors or Clients. If the co-investment is not ultimately consummated, the applicable Client would end up holding a larger portion of such investment than it otherwise expected or desired to hold. The risk of a co-investment not being consummated generally would increase in the event an investment decreases in value during the warehousing period, potentially requiring the applicable Client to bear all losses in connection with the investment.
- *Equity Investments.* The market price of securities owned by a Client may go up or down, sometimes rapidly or unpredictably. A risk of investing in a Client is that the equity securities in such Client's portfolio will decline in value due to factors affecting equity securities markets generally or particular industries or issuers represented in those markets. The values of equity securities may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Other risks of investing globally in equity securities may include changes in currency exchange rates, exchange control

regulations, expropriation of assets or nationalization, imposition of withholding taxes, and difficulty in obtaining and enforcing judgments against non-U.S. entities. In addition, securities which Dragoneer believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame Dragoneer anticipates. As a result, a Client may lose all or substantially all of its investment in any particular instance.

- *Initial Public Offerings.* Some Clients will from time to time purchase and sell securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the company and limited operating history. These factors contribute to substantial price volatility for the shares of these companies and, thus, for the Clients. The limited number of shares available for trading in some initial public offerings may make it more difficult for a Client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.
- *Convertible Securities.* Some Clients may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that give the holder the right to convert or exchange the security for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally: have higher yields than common stocks, but lower yields than comparable non-convertible securities; are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A



convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security frequently is subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Client is called for redemption, such Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on such Client's ability to achieve its investment objective.

- *General Economic and Market Risk.* The value of a Client's investments could be affected by factors affecting the economy and securities markets generally, such as real or perceived adverse economic conditions, supply and demand for particular instruments, changes in the general outlook for certain markets or corporate earnings, interest rates, political developments or adverse investor sentiment generally. Events such as war, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Such events could also have an acute effect on individual portfolio companies or related groups of portfolio companies, as well as on other factors relating to Client investments.
- *Micro, Small and Medium Capitalization Companies.* Investments in securities of micro- and smaller-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.
- *Reliance on the Management of Portfolio Companies.* There can be no assurance that any portfolio company's existing management team, or any new team, will be able to operate successfully. In addition, the interests, obligations and duties of a portfolio company's management team may not necessarily align with the interests of a Client or the investors. Although the general partner of a Client will monitor the performance of each portfolio company, it will be primarily the responsibility of company management to operate the business on a day-to-day basis. If a Client invests in emerging companies, there may be a limited ability to evaluate the management of such companies based on past performance and such companies may be more reliant on individual members of the management team than more established companies. Instances of fraud and other deceptive practices committed by the management team of portfolio companies in which a Client has an investment

may undermine Dragoneer's due diligence efforts with respect to such companies. If such fraud is committed, it could materially adversely affect the valuation of such Client's investments and may contribute to overall market volatility that can negatively impact such Client's investment portfolio.

- *Additional Capital Requirements of Portfolio Companies.* Certain of a Client's portfolio companies, especially those in a development or "platform" phase, may require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors, including the applicable Client. In addition, such Client may make additional debt and equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in such company in order to preserve such Client's proportionate ownership when a subsequent financing is planned, or to protect such Client's investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of such Client or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.
- *Less Established Companies.* Some Clients may make investments in companies that are in a conceptual or early stage of development. These companies are often characterized by short operating histories, new technologies and products, quickly evolving markets and management teams that may have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of such companies will need to implement and maintain successful marketing, finance personnel and other operational strategies in order to become and remain successful. Other substantial operational risks to which such companies are subject include uncertain market acceptance of the company's products or services, a high degree of regulatory risk for new or untried and/or untested business models, products and services, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources and the potential for rapid organizational or strategic change. In addition to the risks above, emerging technology companies are subject to risks based on the characteristics of the industry, including the possibility that rapid technological developments may render such companies' technology obsolete, uneconomical or uncompetitive prior to the company achieving profitability. Any such investments in emerging companies are considered highly speculative and are more likely to result in the loss of a Client's entire investment.
- *Risks Related to Investments in the Technology Sector.* A significant portion of a Client's investments may be concentrated in equity and equity-related securities of technology-oriented companies. These companies will generally be small and less-

seasoned and their equity securities will tend to be more volatile than the overall stock market. As a result, events affecting these companies – for example, intellectual property issues (including litigation over proprietary rights to technology), product roll-out delays or failures, rapid obsolescence, constant technical innovation, shifting technical standards, disproportionately large research budgets, marketing expenses and market penetration by competitors and the inability to attract and retain qualified technical and managerial employees – will affect the value of such Client’s portfolio.

- *Dependence on Patents, Trademarks and Other Intellectual Property.* Certain Client investments may depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a portfolio company’s particular product.
- *Long-Term Nature of Investments; Potential Retention of Proceeds.* Clients are intended for long-term investment and for investors who can accept the risks associated with making highly speculative, illiquid investments in privately negotiated transactions. Many (but not all) investments by such Clients will be long-term in nature and it is uncertain when profits on such investments will be realized, if at all. Although such Client may earn current interest or dividends on some of its investments, it is generally expected that invested capital will not be returned for a significant period of time after initial investment. In addition, the amount and timing of distributions of investment proceeds with respect to such Clients will in all cases be subject to the availability of cash after satisfying obligations or setting aside reasonable reserves for anticipated obligations of such Clients or for permitted reinvestment. Accordingly, no assurance can be made as to the amount and timing of such distributions.
- *Investments with Third Parties.* A Client may co-invest with third parties in certain portfolio companies. Such Client may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Client, or may be in a position to take action contrary to the Client’s interests. In addition, a Client may in certain circumstances be liable for the actions of its third-party partners or co-investors.
- *Concentration of Investments.* Investments could potentially be concentrated in relatively few companies, industries or markets. Such non-diversification would make a Client more susceptible to risks associated with a single economic, political or

regulatory occurrence than a more diversified portfolio might be. Such Client could be subject to significant losses if it holds a relatively large position in a single company, industry, market or a particular type of investment that declines in value, and the losses could increase even further if investments cannot be liquidated without adverse market reaction or are otherwise adversely affected by changes in market conditions or circumstances. An investment in such Client may increase the exposure of investors that are also invested in other Clients to the extent that such other Clients invest in the same portfolio company.

- *Illiquidity of Investments.* Some Clients may invest in both publicly-traded companies and private companies, while other Clients may invest principally in private companies. Some or all of a Client's investments could therefore consist of securities that are subject to restrictions on sale by such Client because they were acquired from the issuer in "private placement" transactions. Generally, such Client will not be able to sell these securities publicly without the expense and time required to register the securities under the 1933 Act, or will be able to sell the securities only under Rule 144 or other rules under the 1933 Act which permit only limited sales under specified conditions. When restricted securities are sold to the public, such Client may be deemed to be an "underwriter" with respect thereto for the purposes of the 1933 Act and be subject to liability as such under the 1933 Act. In addition, practical limitations may inhibit a Client's ability to liquidate certain of its investments since the issuer will be privately held and such Client may own a substantial percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. Such limitations could prevent a successful sale of such Client's investments, result in delay of any such sale, or reduce the amount of proceeds that might otherwise be realized.
- *Non-U.S. Investments.* Some Clients may invest in portfolio companies that are headquartered in or organized under the laws of jurisdictions other than, or that have a substantial portion of their assets or business operations outside of, the United States. Such investments, in addition to bearing the risks generally discussed in this Item 8, are also subject to fluctuations in foreign currency exchange rates, unexpected changes in regulatory requirements, political and economic instability in certain geographic locations, less developed securities markets, difficulties in managing international operations, potentially adverse tax consequences, different or less rigorous accounting, auditing and financial reporting standards, practices and requirements than those in the United States, enhanced accounting and control expenses and the burden of complying with a wide variety of foreign laws. Brokerage commissions and other transaction costs on securities exchanges in non-U.S. countries are generally higher than in the United States. Non-U.S. securities settlements may in some instances be subject to delays and related administrative uncertainties. In some countries, there are restrictions on investments or investors such that the only practicable way for a Client to invest in such markets is by entering into swaps or other derivative transactions with its prime brokers or others. Such transactions involve counterparty risks which are not present in the case of direct investments and which may not be controllable by Dragoneer. No assurance can be

given that a change in political or economic climate, or particular legal or regulatory risks, including changes in regulations regarding foreign ownership of assets or repatriation of funds or changes in taxation might not adversely affect an investment by a Client.

- *Currency Risk.* A Client's investments that are not denominated in the U.S. dollar are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. Officials in foreign countries may from time to time take actions in respect of their currencies that could significantly affect the value of a Client's assets denominated in those currencies or the liquidity of such investments. For example, a foreign government may unilaterally devalue its currency against other currencies, which would typically have the effect of reducing the U.S. dollar value of investments denominated in that currency. A foreign government may also limit the convertibility or repatriation of its currency or assets denominated in that currency. A Client may, but is not required to, invest in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof for hedging purposes, but there can be no assurance that such strategies will be implemented, or if implemented, will be effective.
- *Investments in Emerging Markets.* Certain Clients may invest in emerging markets, which may include China, India and Brazil. Investments in emerging markets involve a greater degree of risk than investing in developed countries. Among other things, emerging market investments may be subject to the following risks: less publicly available information; more volatile markets and unstable market conditions, changes in interest rates, availability of credit and inflation rates; less liquidity or available credit; uncertainty in enforceability of documents; changes in local laws and regulations (including nationalization of industries); political or economic instability (including wars, terrorist acts or security operations); the relatively small size of the securities markets in such countries and the low volume of trading and less strict securities market regulation; less favorable tax or legal provisions; price controls and other restrictive governmental actions; changes in or non-approval of tariffs or other fees or rates charged, potential severe inflation or other serious adverse economic developments; unstable currency; expropriation of property; confiscatory taxation; imposition of withholding and other taxes on income or gross sales proceeds or dispositions; fluctuations in the rate of exchange between currencies, non-convertibility of currencies which can result in the inability to repatriate funds; costs associated with currency conversion; and certain government policies that may restrict a Client's investment opportunities. The foregoing may result in lack of liquidity and in price volatility. The economies of emerging markets may differ favorably or unfavorably from the economy of developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. In addition, emerging market countries may have a greater risk of default on external

debt when their economies experience a downturn. These risks of sovereign default could adversely affect the value of a Client's portfolio. Further, emerging markets are generally heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain emerging markets may be based predominantly on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation. Companies in emerging countries are generally subject to less stringent and less uniform accounting, auditing, corporate governance and financial reporting standards, practices and disclosure requirements than those applicable to companies in developed countries. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from accounting standards in more developed countries. Consequently, there is less publicly available information about an emerging country company than about a company in a developed market. Certain issuers located in emerging markets, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, investments in these entities potentially carry greater risk. In addition, a Client's investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities or restrictions on the ability to convert currency or to take currencies out of certain countries. In emerging markets, there is often less governmental supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision which is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. A Client may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

*Settlement in Emerging Markets.* There can be no guarantee of the operation or performance of settlement, clearing and registration of transactions in emerging market countries nor can there be any guarantee of the solvency of any securities system or that such securities system will properly maintain the registration of a Client or such Client's custodian as the holder of securities. Where organized securities markets and banking and telecommunications systems are underdeveloped, concerns inevitably arise in relation to settlement, clearing and registration of transactions in securities. Furthermore, due to the local postal and banking systems in many emerging market countries, no guarantee can be given that all entitlements

attaching to quoted and over-the-counter traded securities acquired by a Client, including those related to dividends, can be realized.

Some emerging markets currently dictate that monies for settlement be received by a local broker a number of days in advance of settlement, and that assets are not transferred until a number of days after settlement. This exposes the assets in question to risks arising from acts, omissions and solvency of the broker and counterparty risk for that period of time.

*Emerging Market Exchange Control and Repatriation.* It may not be possible for a Client to repatriate capital, dividends, interest and other income from emerging markets, or it may require governments' consents to do so. Such Client could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions.

*Emerging Market Inflation.* Some countries in which a Client may invest have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and securities markets of certain emerging economies. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on such Client's investments in these countries or such Client's returns from such investments.

*Emerging Market Counterparty and Liquidity Risk.* There can be no assurance that there will be any market for any investments acquired by a Client or, if there is such a local market, that there will exist a secure method of delivery against payment which would, in the event of a sale by or on behalf of such Client, avoid exposure to counterparty risk on the buyer. It is possible that, even if a market exists for such investment, that market may be highly illiquid. Such lack of liquidity may adversely affect the value or ease of disposal of such investments. There is a risk that counterparties may not perform their obligations and that settlement of transactions may not occur.

*Geopolitical and Regional Risk.* In emerging markets, ethnic, religious, historical and other divisions may give rise to tensions which may result in instability of financial markets, corruption, military conflict and terrorism. Terrorism in emerging markets has the ability to cause major disruptions and negatively impact such market's economy and could lead to a reduction of a Client's assets or an entire loss in value of an investment. Terrorism and related military actions may lead to increased short term market volatility and have adverse long term effects on markets generally and such Client specifically. Emerging markets may have a weak or a still developing governmental or authoritative structure which creates a climate of corruption, either state sponsored or at the local or individual level; this could include, but is not limited to, selective or arbitrary investigations and prosecutions by the government, corrupt

judicial actions or thriving black markets, which all have the ability to impact the value of such Client's investments. Neither terrorism nor corruption is unique to emerging markets but there is a heightened probability, compared with developed markets, that these factors will have an effect on the value of such Client's investments.

- *Investments in China.* In general, the economic, political and legal structures in the People's Republic of China (the "PRC") differ in significant ways from those of most developed countries and other emerging markets, and these differences present a variety of risks that could impair a Client's ability to achieve its investment objective. The following risk factors, in addition to the risks associated with non-U.S. and emerging market investments described above, are applicable to investments in the PRC.

*Regulations Governing Foreign Investment Enterprises.* The PRC has adopted a broad range of laws, administrative rules and regulations that govern the conduct and operations of companies in the PRC that receive capital investments from foreign investors (known as "Foreign Investment Enterprises" or "FIEs"). These laws, rules and regulations provide some incentives to encourage the flow of investment into the PRC, but they also subject FIEs to a set of restrictions that may not always apply to domestic companies in the PRC. For example, FIEs are prohibited from participating in certain industries and may only participate in certain other industries if they are at least partially-owned by domestic Chinese investors. The rules and regulations restricting FIE participation in certain industries in China are codified in the Foreign Investment Catalogue, which is administered by the PRC Ministry of Commerce and its local affiliates ("MOFCOM"), as well as other related agencies. Dragoner cannot provide any assurance that laws or regulations in China will not restrict a Client's ability to invest in China. Such Client may be required to apply for PRC government approvals with respect to its purchase and/or disposal of any investment that consists of a direct equity investment in a Chinese company. In certain industries, there is no guarantee that such Client will be able to obtain such approvals. Current laws and regulations provide MOFCOM and other regulators with significant discretion to delay or restrict foreign investment for broad public policy reasons. Further, MOFCOM has the power to require that the terms of an investment be altered as a precondition to approval. Altered terms can include the amount of ownership granted, as well as governance and liquidity rights. PRC regulatory authorities may cause delays or refuse to grant necessary approvals and the process of securing approvals may result in a level of expenses to such Client which exceeds the level of expenses necessary to make investments of a similar nature in other jurisdictions.

*Economic Risks in the PRC.* The investment performance with respect to investments in the PRC will depend significantly on the economic conditions and developments in the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including with respect to the level of governmental involvement, level of development, rate of inflation, level of depreciation, level of capital investment, growth rate, control of foreign exchange, allocation of resources



and the level of involvement by state-owned enterprises (“SOEs”). The PRC’s economy has historically been planned by the government, but is in the process of transitioning to a more market-oriented economy. Despite these reforms, the government continues to exercise significant control over the PRC’s economic growth by way of the allocation of resources, control over foreign currency-denominated obligations and monetary policy and provision of preferential treatment to particular industries or companies. China’s government typically participates to a significant degree, through ownership interests or regulation, in local business, often exercising a controlling influence in certain key sectors of the economy, such as telecommunications, banking and financial institutions, air and rail transportation, electrical power, steel and shipbuilding, and mining and natural resources. Government-controlled entities also play strong roles in the economic system. Businesses can encounter difficulties resulting from undue interference from sources other than market forces. Such difficulties may damage the businesses in which a Client may invest. Moreover, the laws, regulations and legal requirements in the PRC, including the laws that apply to foreign entities or foreign investment, are relatively new and are subject to frequent changes. The interpretation and enforcement of such laws is uncertain and there can be no assurance regarding the direction of these economic reforms or the effects these measures may have on a Client’s investments in the PRC. The availability of attractive investment opportunities for such Client in the PRC may depend in part upon the PRC’s continued promotion of liberalization policies regarding foreign investment and encouragement of private sector initiatives. Accordingly, government actions or failure to continue with economic liberalization policies in the future (or changes in the government itself) could have a significant impact on economic conditions in the PRC, which in turn could affect such Client’s investments. Furthermore, while the PRC’s economy has experienced significant overall growth in the past thirty years, growth rates have been declining in the recent few years and have varied significantly across regions, among various economic sectors and over time and may not be sustainable. Although the PRC government has implemented various measures to encourage economic development (including, but not limited to, the allocation of resources), some of these initiatives may have a negative effect on the Client’s investments in the PRC. Further, a slowdown in the economies of the United States, the European Union and certain Asian countries may adversely affect economic growth in China, which depends heavily on exports to those countries. The PRC has also in the past and may in the future experience economic downturns due to, for example, government austerity measures, changes in government policies relating to capital spending, limitations placed on the ability of commercial banks to make loans, reduced levels of exports and international trade, inflation, interest rate volatility, lack of financial liquidity, stock market volatility and fluctuations in worldwide commodity prices. Any of these developments could contribute to a decline in business and consumer spending in addition to other adverse market conditions. There can be no assurance that economic and financial difficulties will not continue and thereby adversely affect the value of the Client’s investments in the PRC or make it more difficult for the Client to locate appropriate investment opportunities in the PRC.

*Limited Access to Stock Markets, Market Volatility and Limited Liability.* Some Clients may invest in the securities of companies listed on a PRC stock exchange, or in companies with a view toward exiting such investments after such companies become listed on a PRC stock exchange. Furthermore, listing of a company on the stock market in the PRC is subject to more stringent and substantive requirements than in U.S. or Europe, and provides fewer exit opportunities or channels for the applicable Client. Securities markets in the PRC have limited operating histories and tend to be less developed, smaller, less liquid and more volatile than the securities markets of the United States and certain developed countries. In addition, limited access is accorded to foreign investors, including Clients, to trade on PRC securities markets. Currently, foreign investors are permitted, subject to applicable regulations, (i) to acquire securities issued by the companies listed on a PRC stock exchange or securities transfer by agreement from shareholders of such listed company, through a qualified foreign strategic investor scheme, and (ii) to dispose of listed securities (whether acquired in such manner or in private transactions prior to such company becoming listed, subject to certain lock-up period restrictions), but cannot otherwise engage in the secondary market trading of securities of listed PRC companies except (x) with respect to “B” shares that are listed on PRC stock exchanges, for which the market is significantly smaller in size, relatively, and has lower liquidity and (y) through a qualified foreign institutional investors scheme, or through the Shanghai-Hong Kong Stock Connect scheme (subject to various restrictions), on the “A” shares market, which is the main segment of the PRC securities market. Stock markets in the PRC have recently and in the past experienced substantial price volatility and no assurance can be given that such volatility will not recur in the future. Such recurrence may increase the risks associated with the acquisition and disposition of investments. A high proportion of the shares of many PRC companies may be held by a limited number of persons. A limited number of issuers in the PRC securities markets may represent a disproportionately large percentage of market capitalization and trading value. This limited liquidity of securities markets may affect such Client’s ability to acquire or dispose of securities at the price and time it wishes to do so. Certain PRC securities markets may be susceptible to being influenced by these individuals trading significant blocks of securities or making large dispositions of securities following the failure to meet margin calls when due. Commissions from trading on stock exchanges in the PRC are also generally higher than in developed countries. The illiquidity of an investment of such Client may continue even if the underlying company obtains a listing on a PRC stock exchange.

*Dividend Payment Restrictions.* A Client may lose a source of liquidity if portfolio companies in the PRC are restricted from paying dividends or making other distributions to such Client. Current PRC regulations permit companies in China to pay dividends only out of their respective accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, companies in the PRC are required to set aside a certain percentage of their accumulated profits each year, if any, to fund certain reserve funds. These reserves are not distributable as cash dividends. In addition, current PRC regulations prohibit the allocation of tax losses among subsidiaries in the PRC. Further, if a portfolio company incurs debt,

the instruments governing the debt may restrict its ability to pay dividends or make other payments to such Client.

*Accounting, Disclosure and Regulatory Standards.* Accounting, financial, auditing and other reporting standards, practices and disclosure requirements in the PRC are not equivalent to those in the United States and certain Western European countries and may differ in fundamental ways. Entities in PRC generally disclose less financial and other information publicly, and are subject to less stringent and less uniform accounting, auditing and financial reporting than entities in various developed countries. Accordingly, information available to a Client, including both general economic and commercial information and information concerning specific portfolio companies, may be less reliable and less detailed than information available in more financially sophisticated countries and less information may be available to investors. Although the generally accepted accounting principles in use in China have undergone significant development in recent years that bring it more in line with international standards, this is an ongoing process and assets and profits appearing on the financial statements of a PRC company may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with U.S. generally accepted accounting principles.

Due to different interpretations and local accounting practices, in certain circumstances the reported financial statements, whether audited or unaudited, which purport to comply with U.S. generally accepted accounting principles (“GAAP”) may in fact be improperly prepared or may not be prepared by an accountant or auditor (even absent cases of fraud or misrepresentation), or may not accurately reflect the financial position of a company in light of all available operational information. Further, different companies may have different approaches in recording non-financial data. As a result, such data of one company may not be directly comparable with that of another company in the same industry, which in turn may adversely affect Dragoneer’s ability to evaluate the target company. In addition, even if Dragoneer endeavors to obtain complete and accurate financial information of a target company, including engaging internationally reputable accounting or investigation firms to review such information, there can be no assurance that Dragoneer will be able to get accurate financial or operational information in cases of fraud or intentional misrepresentation.

In certain instances, a Client may not have access to all available information to determine fully the origination, credit appraisal and underwriting practices utilized with respect to such Client’s investments or the manner in which such investments have been serviced and/or operated.

As a result and in light of the above, Dragoneer’s due diligence activities may provide less information than due diligence reviews conducted in more developed countries, which will increase the risk related to such Client’s investments in the PRC. No guarantee can be given that a Client will obtain the information or assurances that an investor in a more sophisticated economy would obtain before proceeding with an investment.

- *Follow-On Investments.* A Client may be presented with the opportunity to make additional, “follow-on” investments in its existing portfolio companies, either because such portfolio company’s performance and/or liquidity has been below expectations or because additional capital is required to fund growth. There can be no assurance that such Client will desire to make follow-on investments or that it will have sufficient funds to do so. Any decision by such Client not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment and may dilute such Client’s existing portfolio company investment and/or may diminish such Client’s ability to influence future developments relating to such portfolio company.
- *Leveraged Portfolio Companies.* A Client may invest in companies whose capital structures have significant leverage. The use of leverage has the potential to magnify the gains or the losses on investments and to make such Client’s returns more volatile, and such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the applicable portfolio company or its industry. In the event any portfolio company cannot generate adequate cash flow to meet debt service, such Client may suffer a partial or total loss of capital invested in the portfolio company.
- *Hedging Transactions.* Dragoneer is not required to attempt to hedge portfolio positions of a Client. Furthermore, Dragoneer may not anticipate a particular risk so as to hedge against it. A Client may utilize a variety of financial instruments (including options and derivatives), both for investment purposes and for risk management purposes, in order to seek to: (i) protect against possible changes in the market value of such Client’s investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect unrealized gains (if any) in the value of such Client’s investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in such Client’s portfolio; (v) hedge the interest rate or currency exchange rate on any of such Client’s liabilities or assets; (vi) protect against any increase in the price of any securities such Client anticipates purchasing at a later date; and/or (vii) for any other reason that Dragoneer deems appropriate. The success of Dragoneer’s hedging strategy is subject to Dragoneer’s ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the instances when Dragoneer hedges portfolio positions in a Client is also subject to Dragoneer’s ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Client may enter into certain hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for such Client than if they had not engaged in any such hedging transactions.

- *Short Sales.* Certain Clients may engage in short sales. A short sale involves the sale of a security that a Client does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. A short sale involves a theoretically unlimited risk of an increase in the market price of the security sold short, increasing the cost of buying those securities to cover the short position, and thus a possible unlimited loss to such Client. There can be no assurance that the security necessary to cover a short position will be available for purchase or to be borrowed. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities borrowed to be sold short are generally required to be returned to the lender on short notice. Thus, such Client would be required to purchase the security at the market price. If the market price increases, such Client could be required to purchase the securities at a higher price in order to close out the short positions. This may result in losses to such Client. Securities may be sold short by a Client in a long/short strategy to hedge a long position, or to enable such Client to express a view as to the relative value between the long and short positions. There is no assurance that the objective of this strategy will be achieved, or specifically that the long positions will not decrease in value and the short positions will not increase in value, causing such Client losses on both components of the transaction.
- *General Debt Risks.* Certain Clients may invest in debt and debt-like instruments. Debt instruments are subject to credit risk, interest rate risk and pre-payment risk.

“Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations that are rated by rating agencies are often reviewed and may be subject to downgrade.

“Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate debt securities) and directly (especially in the case of debt instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. In addition, interest rate increases generally will increase the interest carrying costs to a Client of borrowed securities and leveraged investments.

“Pre-payment risk” refers to the risk that a borrower could repay the principal on an obligation held by a Client earlier than expected. This may happen when there is a decline in interest rates, when the borrower’s improved credit or operating or

financial performance allows the refinancing of certain classes of debt with lower cost debt. The yield of such Client's investment assets may be affected by the rate of pre-payments differing from Dragoneer's expectations. In addition, if such Client is unable to reinvest the proceeds of such pre-payments received in investments expected to be as profitable, the proceeds generated by such Client will decline as compared to Dragoneer's expectations.

- *Risks Associated with Derivatives.* Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Certain Clients may use derivatives, including swaps, for any purpose including, among other things, as a substitute for taking a position in an underlying asset, to increase the applicable Client's leverage, or as part of a strategy designed to reduce or increase exposure to other risks, such as interest rate, credit or currency risk. A Client's use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as interest rate risk, market risk, liquidity risk, credit risk and counterparty risk. They also involve the risk of mispricing or improper valuation, the risk of ambiguous documentation, and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. To the extent a Client invests in repos, swaps, forwards, futures, options and other "synthetic" or derivative instruments, counterparty exposures can develop and such Client takes the risk of nonperformance by the other party on the contract. For uncleared derivatives, this risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. In the international securities markets, the existence of less mature settlement structures and systems can result in settlement default and exposure to counterparty credits. If a Client invests in a derivative instrument, it could lose more than the principal amount invested.

Certain derivatives that may be used by a Client, including futures, options on futures, certain interest rate swaps and certain credit default index swaps, are required to be cleared. In a cleared derivatives transaction, the applicable Client's counterparty is a central derivatives clearing organization, or clearing house, rather than a bank or broker. The failure of a clearing house of centrally cleared derivatives has yet to occur; therefore, it is unclear what impact an insolvency of a clearing house would ultimately have on such Client or the financial system generally. Since such Client is not a member of a clearing house, and only members of a clearing house can participate directly in the clearing house, such Client will hold cleared derivatives transactions through accounts at clearing members, who are futures commission merchants who are members of the clearing houses. Such Client will make and receive payments owed under cleared derivatives transactions (including margin payments) through its accounts at clearing members. Such Client's clearing members guarantee such Client's performance of its obligations to the clearing house. Such

Client may be subject to a risk of loss in the event of the bankruptcy of any of its clearing brokers. If such Client's clearing brokers become bankrupt or insolvent, commit fraud, or otherwise default on their obligations to such Client, such Client may not receive all amounts owed to it in respect of its trading, despite the clearing house fully discharging all of its obligations. Furthermore, in the event of the bankruptcy of one of the clearing brokers, such Client could be limited to recovering only a pro rata share of all available funds segregated on behalf of the clearing broker's combined customer accounts with respect to the relevant asset class, even though certain property specifically traceable to such Client (for example, Treasury bills deposited by such Client with the clearing broker as margin) was held by the clearing broker. Financial difficulty, fraud or misrepresentation at any of these institutions could lead to significant losses as well as impair the operational capabilities or capital position of such Client. In contrast to bilateral derivatives transactions, following a period of advance notice to such Client, clearing members can generally require termination of existing cleared derivatives transactions at any time and increase the amount of margin required to be provided by such Client to the clearing member for any cleared derivatives transaction above the amount of margin that was required at the beginning of the transaction. Any such termination or increase could interfere with the ability of such Client to pursue its investment strategy. Also, such Client is subject to execution risk if it enters into a derivatives transaction that is required to be cleared (or which Dragoneer expects to be cleared), and no clearing member is willing to clear the transaction on such Client's behalf. In that case, the transaction might have to be terminated, and such Client could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

Some types of cleared derivatives are required to be executed on an exchange or on a swap execution facility. A swap execution facility is a trading platform where multiple market participants can execute derivatives by accepting bids and offers made by multiple other participants in the platform. While this execution requirement is designed to increase transparency and liquidity in the cleared derivatives market, trading on a swap execution facility can create additional costs and risks for the applicable Client. For example, swap execution facilities typically charge fees, and if such Client executes derivatives on a swap execution facility through a broker intermediary, the intermediary may impose fees as well. Also, such Client may indemnify a swap execution facility, or a broker intermediary who executes cleared derivatives on a swap execution facility on such Client's behalf, against any losses or costs that may be incurred as a result of such Client's transactions on the swap execution facility.

- *Minority Positions in Portfolio Companies.* A Client may not have any or unilateral control of some or all of its portfolio companies. Such Client will therefore will have a limited ability to protect its investments through the operation of such portfolio companies. In such situations, such Client will be significantly reliant on the management and board of directors of such portfolio companies, which may include representatives of other investors with whom such Client is not affiliated and whose interests may conflict with the interests of such Client.

- *Third-Party Involvement.* A Client may hold a portion of its investments through partnerships, joint ventures, or other entities with third-party investors. Joint venture investments involve various risks, including the risk that a Client will not be able to implement investment decisions or exit strategies because of limitations on such Client's control of the investment under applicable agreements with joint venture partners, the risk that a joint venture partner may become bankrupt or may at any time have economic or business interests or goals that are inconsistent with those of such Client, the risk that a joint venture partner may be in a position to take action contrary to such Client's objectives, the risk of liability based upon the actions of a joint venture partner and the risk of disputes or litigation with such partner and the inability to enforce fully all rights (or the incurrence of additional risk in connection with enforcement of rights) one partner may have against the other. In addition, a Client may be liable for actions of its joint venture partners.
- *Private Investments in Public Equities.* A Client may make private investments in public equities ("PIPEs"), via which such Client would take a position in a public company. In a PIPE transaction, the Client may bear the price risk from the time of pricing until the time of closing. In addition, such Client may have to commit to purchase a specified number of shares at a fixed price, with the closing conditioned upon, among other things, the SEC's preparedness to declare effective a resale registration statement covering the resale, from time to time, of the shares sold in the private financing. To the extent that the public market for such companies declines, it is possible that private investments in public equities transactions may generate losses or returns that do not justify the risk associates with such investments. In addition, due to securities law regulations, such Client may be restricted from selling, or hedging its exposure to, such securities during a time when such Client would otherwise like to do so. For example, such Client may be required to hold such security even though the value of such security is continuing to decrease. Such restrictions could have an adverse effect on such Client and its ability to achieve its investment objective.
- *Preferred Securities.* Certain preferred securities contain provisions that allow an issuer under certain conditions to skip or defer distributions. If a Client owns a preferred security that is deferring its distribution, it may be required to report income for tax purposes despite the fact that it is not receiving current income on this position. Preferred securities often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer's call. In the event of redemption, such Client may not be able to reinvest the proceeds at comparable rates of return. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If a Client owns a preferred security that is deferring its distributions, such Client may be required to report income for tax purposes although it has not yet received such income. Preferred securities are subordinated to bonds and other debt securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments and, therefore, will be subject to greater credit risk than those debt securities.



- *Depository Receipts.* Certain Clients may purchase sponsored or unsponsored American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts (collectively “Depository Receipts”) typically issued by a bank or trust company which evidence ownership of underlying securities issued by a corporation. Generally, Depository Receipts in registered form are designed for use in the U.S. securities market and Depository Receipts in bearer form are designed for use in securities markets outside the U.S. Depository Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. Depository Receipts may be issued pursuant to sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities trade in the form of Depository Receipts. In unsponsored programs, the issuer may not be directly involved in the creation of the program. Although regulatory requirements with respect to sponsored and unsponsored programs are generally similar, in some cases it may be easier to obtain financial information from an issuer that has participated in the creation of a sponsored program. Accordingly, there may be less information available regarding issuers of securities underlying unsponsored programs and there may not be a correlation between such information and the market value of the Depository Receipts.
- *Portfolio Companies in Regulated Industries.* A Client may be subject to certain restrictions when considering investments in regulated industries, such as banking, insurance, gaming or communications. For example, there may be limits on the aggregate amount of investment by affiliated investors that may not be exceeded in certain regulated industries without the grant of a license or other regulatory or corporate consent or, if exceeded, may cause such Client to suffer disadvantages or business restrictions. As a result, Dragoneer may restrict or limit transactions or exercise of rights for such Client, or limit the amount of voting securities purchased for such Client or restrict the type of governance rights it acquires or exercises in connection with its investments in regulated industries.
- *Control of Portfolio Companies.* A Client may obtain a control position (either on its own or acting together with a group of investors) with respect to one or more portfolio companies, which could expose it to liabilities not normally associated with minority equity or debt investments, such as additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability characteristic of business operations may be ignored.
- *Risks Associated with Provision of Managerial Assistance.* Dragoneer or the general partner of a Client may obtain rights to participate in or influence the conduct of the management of portfolio companies, which could expose Dragoneer or such general partner to claims by such a portfolio company, its security holders and its creditors. If these liabilities were to occur, certain Clients and their investors could suffer losses. Furthermore, identifying and implementing potential operating improvements at portfolio companies is difficult and entails a high degree of uncertainty. There can be no assurance that a Client will be able to successfully identify and implement such improvements or that such improvements, if made, will result in improved financial

performance. Some portfolio companies may depend for their success on the efforts of one person or a small group of persons whose death, disability, or resignation would adversely affect their businesses.

- *Cash and Other Investments.* Some Clients may invest all or a portion of their assets in cash or cash items for various purposes, including without limitation for investment purposes, pending other investments or as provision for margin. These cash items may include a number of money market instruments such as negotiable or non-negotiable securities issued by or short-term deposits with the U.S. and non-U.S. governments and agencies or instrumentalities thereof, bankers' acceptances, high quality commercial paper, repurchase agreements, bank certificates of deposit, and short-term debt securities of U.S. or non-U.S. issuers. Certain Clients may also hold interests in investment vehicles that hold cash or cash items. While investments in cash items generally involve relatively low risk levels, they may produce lower than expected returns, and could result in losses. Investments in cash items and money market funds may also provide less liquidity than anticipated by a Client at the time of investment.
- *Cybersecurity Risk.* Dragoneer, the Clients' 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 Clients and their investors, despite the efforts of Dragoneer and the Clients' 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 Client 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 Dragoneer, the Clients' 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 Dragoneer's systems to disclose sensitive information in order to gain access to Dragoneer's data or that of the Clients' investors. A successful penetration or circumvention of the security of Dragoneer'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 Clients, Dragoneer 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 Clients invest, which could have material adverse consequences for such companies, and may cause the Clients' investments to lose value.

## **Item 9. Disciplinary Information**

Dragoneer has no applicable information to disclose on this item.

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

Neither Dragoneer nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“FCM”), commodity pool operator (“CPO”) or commodity trading advisor (“CTA”). In addition, neither Dragoneer nor any of its management persons is an associated person of an FCM, a CPO or CTA.

Dragoneer (or a related person or designee) typically holds an investment in Client investment vehicles and therefore may be viewed as having an incentive to favor such Client investment vehicles. As described in the response to Item 6, Dragoneer has adopted controls, such as its allocation policy, that are intended to mitigate the incentives Dragoneer has to favor one Client over others.

Dragoneer does not currently recommend or select other investment advisers for its Clients, although it may do so in the future.

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

Dragoneer has adopted a Code of Ethics (“Code”) pursuant to Rule 204A-1 under the Advisers Act. All “access persons” (including employees, managers and officers) of Dragoneer must comply with the Code. The Code sets forth standards of conduct expected of Dragoneer’s personnel, which reflect the fiduciary obligations of Dragoneer and its personnel to its Clients, and requires Dragoneer’s personnel to comply with applicable federal securities laws. The Code also requires any employee of Dragoneer to report potential violations of the Code promptly to the Chief Compliance Officer (“CCO”). Dragoneer provides each employee with a copy of the Code and any amendments, and employees are required to provide a written acknowledgement that they have received the Code, as amended from time to time.

Under the Code, access persons must submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code. The Code further requires personnel to submit certain quarterly transaction reports (or brokerage statements) that detail the individual’s relevant securities transactions for the quarter. Finally, the Code also contains restrictions on the use of insider information and non-public information regarding a Dragoneer Client.

Dragoneer keeps records of reports and other information that access persons are required to provide under the Code. The CCO reports on issues that arise under the Code to Dragoneer’s senior management at least annually. Clients and prospective clients can obtain a copy of the Code upon request by contacting Michael Dimitruk by telephone (415-539-3105) or by email (michael@dragoneer.com).

Dragoneer may, from time to time, facilitate the purchase and sale of securities between two Clients. Dragoneer will seek to effect such transactions between Clients only if it determines that doing so would be in the best interest of each Client involved. Dragoneer will consider such factors as it deems materially relevant in making this determination, including without limitation the availability of the underlying securities in the marketplace, execution costs

and the potential effect on the Clients of executing purchase and sale transactions in the underlying securities in the marketplace. Dragoneer does not consider such transactions to typically be principal transactions. Nevertheless, if Dragoneer believes that a transaction between or among Clients is a principal transaction, Dragoneer will observe the following procedures:

- Dragoneer will disclose all information that Dragoneer believes is material regarding a potential transaction to the Clients involved in it, and obtain their prior written consent to the transaction.
- Dragoneer may not set the price of the security being traded.
- Dragoneer may not receive any compensation (other than its advisory fee) directly in connection with the transaction.

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

Certain employees and affiliates of Dragoneer may invest in and alongside the Clients, either through the general partners, as direct investors in the Clients or otherwise. A Client or its general partner, as applicable, may reduce all or a portion of the advisory fee, carried interest and/or incentive allocation related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see below.

Due in part to the fact that potential investors in a Client or a co-investment opportunity (see below) may ask different questions and request different information, Dragoneer may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

### **Resolution of Conflicts**

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

- (1) A Client will not make an investment unless Dragoneer believes that such investment is an appropriate investment considered solely from the viewpoint of such Client;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Governing Documents for the Clients;
- (3) Many of the Funds have established an advisory committee, consisting of representatives of investors not affiliated with Dragoneer. The advisory committees meet as required to consult with Dragoneer as to certain potential conflicts of interest.

On any issue involving actual conflicts of interest, Dragoneer will be guided by its good faith discretion;

- (4) Where Dragoneer deems appropriate, unaffiliated third parties may 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
- (5) Prior to subscribing for interests in a Client, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Client.

### **Other Potential Conflicts of Interest**

The Clients are subject to a number of actual and potential conflicts of interest. The following descriptions of conflicts of interest and the conflicts discussed elsewhere in this Brochure do not purport to be a complete list or explanation of the conflicts involved with the management of the Clients. Actual and prospective investors in a Fund should consult its Governing Documents for more details on the conflicts of interest associated with an investment in such Fund.

#### **Allocation of Investment Opportunities**

Dragoneer is committed to allocating investment opportunities among the Clients in a manner that, over time, is fair and equitable. Dragoneer has established policies and procedures to guide the determinations of such allocations, which policies and procedures permit Dragoneer to take into account some or all of a wide range of factors in determining order allocation, which may include, without limitation: (a) the potential size of the total investment capacity available to the Clients; (b) the relevant Client's existing and anticipated investment portfolio, including exposure to individual companies; (c) the remaining uncalled commitments and capital available for reinvestment; (d) anticipated capital needs or preference for "dry powder" for opportunistic investments (including the relevant Client's investments in publicly-traded securities, if any) and transactions under due diligence; (e) with respect to an investment originated by a third party, the relationship of a particular client to such third party; (f) permitted leverage and available financing for the investment opportunity (including, without limitation, taking into account the levels/rates that would be required to obtain an appropriate return); (g) any applicable tax, regulatory and operational concerns; (h) any risk or investment concentration parameters set forth in the relevant Client's Governing Documents or otherwise deemed relevant by Dragoneer with respect to the Client's exposure to a particular industry, geographic region or issuer, or liquidity, duration, risk or volatility profile; (i) whether the investment is a follow-on investment; and (j) such other criteria as Dragoneer deems relevant in its sole discretion. Each Client may from time to time invest with or independently of any other Client. Dragoneer may allocate participation in a manner different from the expectation described above at any time, as it determines to be fair and equitable to the Clients over time. Unless otherwise set forth in the relevant Client's Governing Documents, Dragoneer shall not be obligated to offer any opportunities to any Client.

Dragoneer will determine whether a particular investment opportunity is within the investment strategy of a Client in its discretion. In addition to the size and risk profile of an investment opportunity, in determining whether an investment opportunity is within the investment strategy of a Client, Dragoneer may take into account the current composition of the Fund's portfolio, the amount of potential follow-on investment that may be required, other potential investment opportunities, legal, tax, regulatory and other relevant considerations, and the portfolio construction of other Clients.

### Co-investments

From time to time, Dragoneer may form capital around a particular investment strategy or theme, or establish, on a transaction-by-transaction basis, investment vehicles, separately managed accounts or other accounts or arrangements through which certain persons generally invest alongside or with one or more Clients (each, a "Co-Investment Vehicle").

We have the option to offer one or more Clients, Co-Investment Vehicles, Dragoneer personnel or third parties the opportunity to invest alongside a Client. This situation generally arises when the amount of capital necessary to complete a transaction exceeds the amount we determine is appropriate for the relevant Client, after taking into account additional capital to be contributed by other Clients and any co-underwriters and co-sponsors (including other third-party managed pooled investment vehicles in which we or our personnel may hold an interest), as well as other parties or consultants that assisted in sourcing or completing the transaction or provide other strategic value. Depending on a Client's Governing Documents, we may also have the option to systematically offer co-investment opportunities (allowing, for instance, an investor to co-invest in an aggregate fixed dollar amount over the life of a Fund or in each Fund investment of a certain size or that has certain other characteristics). We will offer co-investments pursuant to the procedures included in such Clients' Governing Documents and as described in the following paragraphs.

Subject to any restrictions contained in the Governing Documents of the relevant Client or any side-letter or other terms negotiated with respect to such Client, in general we have complete discretion to determine to whom we will offer and award co-investment opportunities. In particular,

- we may give co-investment opportunities to Co-Investment Vehicles, our personnel, consultants, advisors, strategic partners or other third parties;
- we have complete discretion on whether to offer to any investors in any Client any co-investment opportunities;
- we are permitted to offer co-investment opportunities to some investors but not all of them; and
- allocations of co-investment opportunities between investors often will not correspond to their pro rata interests in the relevant Client.

While the criteria we use in making discretionary co-investment decisions vary from opportunity to opportunity, typically the most important factors are:

- certainty of funding—that is, whether the potential co-investor has the financial resources to provide the requisite capital in a timely fashion;
- certainty of execution—that is, the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-investment opportunity;
- the size of the potential co-investor’s commitment to the Clients and the anticipated importance of the potential co-investor to future Dragoneer fundraising campaigns;
- the ability of the potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight; and
- the overall strategic benefit of offering a co-investment opportunity to the potential co-investor.

Other criteria that will from time to time be relevant include:

- the expertise of the potential co-investor with respect to the geographic location or business activities or industry of the prospective target company or investment;
- the investment objectives and existing portfolio of the potential co-investor;
- the legal or regulatory constraints to which the proposed investment is expected to give rise;
- the reporting, public relations, competitive, confidentiality or other issues that may also arise as a result of the co-investment; and
- any other facts or circumstances that we deem appropriate or relevant.

We expect that these factors will lead us to favor some investors in Clients and other potential co-investors over others with respect to the frequency with which we offer them co-investment opportunities. Our exercise of our discretion in allocating investment opportunities among potential co-investors and in the manner discussed above may not, and often will not, result in proportional allocations among such co-investors, and such allocations will likely be more or less advantageous to some relative to others. In addition, co-investments will not necessarily be made on the same terms as the relevant Client’s investment. For example, co-investors may either purchase their interests in a portfolio investment at the same time as the relevant Client(s) or purchase their interests from the applicable Client(s) after such Client(s) have consummated the full investment in the portfolio investment (also known as a post-closing sell down or transfer). Co-investors also may not pay the same or any advisory fees or carried interest in connection with the co-investment. Moreover, investors in Clients and other third parties approached as potential co-investors generally do not bear any transaction costs of

investments that are not consummated and are not subject generally to the same risks to which the relevant Client(s) are throughout the investment process.

In the event that we determine to offer an investment opportunity to co-investors, there can be no assurance that we 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 Client or that expenses incurred by a Client with respect to the offering of the co-investment will not be substantial. In the event that we are not successful in finding co-investors for a particular opportunity, a Client will consequently have greater exposure to the related investment opportunity than was intended, which could make the Client more susceptible to fluctuations in value resulting from adverse economic or business conditions. Moreover, an investment by a Client that is not offered to co-investors as anticipated could significantly reduce the Fund's overall investment returns.

Investors in a Co-Investment Vehicle typically bear all expenses related to the vehicle's formation and operation, and the vehicle generally bears its pro rata portion of expenses incurred in the making of an investment. However, if the potential investment is not consummated, the full amount of any expenses relating to the potential but not consummated investment will typically be borne entirely by the Clients we select as proposed investors for such investment, rather than the Co-Investment Vehicle or other co-investors. With respect to Co-Investment Vehicles, any fees or reimbursements to be received by Dragoneer are generally negotiated on a vehicle-by-vehicle basis

### *Conflicting Investment Interests*

A Client may co-invest with another Client or invest in a portfolio company in which another Client has previously made or subsequently will make an investment, in either the same security or a different security within a portfolio company's capital structure. As a result, the interests of the relevant Client and such other Client(s) may diverge (particularly in the case of financial distress of such portfolio company). In connection with such investments, the relevant Client, on the one hand, and such other Client(s), on the other hand, may have conflicting interests and/or investment objectives, including the structuring of, or exercise of rights with respect to, investment transactions and the timeframe for and method of exiting the investment. In addition, the terms of the relevant Client's investment, including the types of securities purchased, may be different from the terms of the other Clients' investments. Investments by a Client in portfolio companies in which one or more other Clients have a pre-existing interest may be acquired at higher or lower prices than those at which such Client(s) invested, or the relevant Client may acquire securities that differ significantly from the securities of such portfolio company held by another Client, including with respect to seniority, dividends, voting rights and participation in liquidation proceeds. The different prices paid for, or terms of, securities held by the relevant Client, on the one hand, and another Client, on the other hand, may create conflicts of interest. In addition, certain of Dragoneer's personnel may invest in companies which, at the time of such investment, are not within the size and scope of the relevant Client's investment strategy, but that may in the future fall within the size and scope of the Client's investment strategy. Such investments will create a conflict of interest if Dragoneer determines that it is appropriate for a Client to invest in such companies.



### *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 Client in a portfolio company in which another Client has previously invested. Furthermore, given that Dragoneer's Clients may make earlier-stage investments in portfolio companies, Dragoneer has the discretion to determine whether an investment by a Client in a portfolio company in which another Client has previously invested should be classified as a follow-on investment, including, for example, where a Client invests in a "future round" of securities of the relevant portfolio company. In addition, a Client may participate in releveraging and recapitalization transactions involving portfolio companies in which another Client has already invested or will invest. Conflicts of interest may 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 General Partner and Dragoneer*

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

A Client may, from time to time, lend certain amounts to Dragoneer and its affiliates with respect to its pro rata share of an investment in those circumstances in which such Client is borrowing with respect to the investment on a short-term basis. In such circumstances, Dragoneer will ensure that any such lending by the Client is made on a short-term basis (based on Dragoneer's reasonable belief at the time the investment is made), and is on no more favorable terms than those applicable to the Client's borrowing terms.

### *Fee Structure*

As discussed above in Item 6, the general partners of many Clients are entitled to carried interest, incentive allocation or performance allocation under the terms of the Governing Documents of such Clients. Such general partners are affiliates of Dragoneer. This entitlement may create an incentive for Dragoneer to cause a Client to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation. Over the term of such Client, the incentive described in the preceding sentence may be mitigated by clawback obligations applicable to the relevant general partner under the terms of the Governing Documents of such Client. Dragoneer has broad discretion regarding the allocation of investment opportunities between Clients. Because the relevant general partner's carried interest, incentive allocation or performance allocation, as applicable, could vary with respect to the Clients, Dragoneer could be incentivized to allocate opportunities among Clients in a manner that would maximize the carried interest, incentive allocation or performance allocation, as applicable, distributed to (or expected to be retained by) the relevant general partner.

### *Indebtedness and Guarantees*

Many Clients are authorized to borrow funds from time to time, including for investment or other specific business purposes and to provide guarantees of or other credit support for the obligations of third parties, subject to certain limitations under the Governing Documents of such Clients. Such borrowing may be used, among other things, to purchase investments as they become available in advance of the receipt of anticipated funds from the investors' capital contributions. As security for such borrowing, guarantees or other credit support, a Client may grant liens on any of such Client's assets to a lender or other counterparty. Each of the Client and the general partner of such Client, as applicable, will have the right to pledge, assign or create any other security interest in or over all or a portion of uncalled commitments, the right of the general partner to deliver notices to investors demanding capital contributions and any account into which such capital contributions are paid.

While such use of borrowed funds increases returns if a Client earns a greater return on the investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns if the Client fails to earn as much on such incremental investments as it pays for such funds. Failure to satisfy the terms of debt incurred by the Client can have negative consequences, including forced liquidation of other investments in order to satisfy the Client's obligations. In addition, the Client may engage in certain derivative transactions which implicitly contain leverage and subject the Client to additional risks.

### *Diverse Investor Group*

The investors in a Client may have conflicting investment, tax and other interests with respect to their investments in the Client. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the timing of disposition of investments. As a result, conflicts of interest may arise in connection with the decisions made by the relevant general partner, including with respect to the nature or restructuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations.

### *Conflicts with Portfolio Companies*

Officers and employees of Dragoneer may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that they consider in the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of a Client, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an officer or employee of Dragoneer and such individual's duties as a director or officer of such portfolio company.

### *Conflicts Arising from Customized Terms Provided to Certain Investors*

Investors increasingly expect to make investments in private investment funds on customized terms. We accommodate these expectations by entering into written agreements, which we refer to as “side letters,” or establishing separate accounts, that provide such investors with customized terms. These customized terms may result in preferential treatment with respect to, among other things,

- the fee structure, including reduced advisory fees and/or carried interest;
- the offering of co-investment opportunities;
- the ability to opt out of certain types of investments;
- the reporting obligations of the applicable Fund;
- consent rights with respect to certain amendments to documents that govern their rights and obligations and those of the applicable Fund;
- the right to transfer interests in the applicable Fund;
- the right to withdraw from the applicable Fund in the event of adverse tax or regulatory events;
- the right to appoint a representative to the advisory committee or board of directors of the relevant Fund, if applicable;
- additional confidentiality protections;
- the right to disclose certain information to underlying investors or to the public;
- structuring rights with respect to certain types of investments; or
- any other terms, whether economic, procedural or otherwise.

We will consider many factors in deciding whether to accord investors in Funds customized terms via a side letter and is more likely to grant preferential treatment to the following types of investors:

- investors that have made or have proposed to make relatively large commitments to the Fund or that are anticipated to be important to future Dragoneer fundraising campaigns;
- investors that are subject to specific legal, tax or regulatory requirements or policies applicable to them; and
- other investors meeting any other criteria we consider reasonable in our discretion.

We have no obligation to offer any such additional rights, terms or conditions to any other investor in such Fund, except to the extent required by the Governing Documents of the

applicable Fund. Once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on the 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 Dragoneer and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

## **Item 12. Brokerage Practices**

In the absence of specific instructions from a Client, Dragoneer's policy is to arrange for the execution of transactions for publicly traded securities in Client accounts through brokers, dealers, foreign exchange brokers, or other lawful persons, intermediaries or clearing entities (each, a "Broker") that Dragoneer believes will provide best execution for the Client's transactions under the relevant circumstances. As "best execution" involves both qualitative and quantitative factors, it is not always synonymous with the lowest brokerage commission. Consequently, in a particular transaction a Client may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction. Dragoneer is responsible for determining what securities will be purchased and sold for each Client and selecting the Brokers to execute the transactions on behalf of Clients. Purchases and sales of securities for Clients are made in accordance with the investment objectives, strategies and policies of each Client.

In seeking to achieve best execution, Dragoneer considers the range and quality of services a broker may provide, including (among other things), best total trade price, trading volume, liquidity, the number of securities involved, the size of transaction, the potential for information leakage, the likely market impact due to the transaction in the market, related research services and costs (including but not limited to commissions, fees and transaction taxes, such as stamp duties). As a result, Dragoneer may cause a Client to pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction if it determines that the commission paid was reasonable in relation to the value of the services provided by the broker.

Dragoneer may generate "soft dollars" with regard to trades made on behalf Clients. "Soft dollars" refers to Dragoneer's receipt of research or other products or services other than execution from brokers. Research products may include, among other things, permitted computer databases and quotation software, in each case, to access research or that provide research directly, other software, databases and certain other technical and telecommunication services utilized in the investment management process. Research services (which may be in written or oral form or electronic) may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, electronic market quotations and news, performance measurement and pricing services, permitted risk management analysis and performance studies, analyses concerning specific securities, companies or sectors, and market, economic and financial studies and forecasts.

When Dragoneer uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Dragoneer may receive a benefit because it does not have to produce or pay for the research, products or services. As a result, Dragoneer may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on its Clients' interest in receiving the most favorable execution.

Because Dragoneer's Clients often seek to buy and sell the same investments, Dragoneer may aggregate purchases and sales of investments. Dragoneer will generally seek to aggregate purchases and sales when Dragoneer believes that aggregation will be beneficial to the applicable Clients, including when it will result in the execution of transactions in a more timely and efficient manner, such as a reduction in overall execution costs and impact on the market price of the underlying securities.

Dragoneer does not consider, in selecting or recommending broker-dealers, any client referrals it may receive from a broker-dealer or third party. Dragoneer does not recommend, request or require that a Client direct the execution of transactions through a specified broker-dealer, nor does it have any arrangement in which it directs transactions for any Client to a specific broker-dealer based on any other consideration than best execution and the Client's overall best interests.

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

Dragoneer generally monitors and reviews the Funds and Managed Accounts on an ongoing basis for overall adherence to the Fund's or Managed Account's investment objective and strategies, as well as any guidelines or restrictions.

Fund investors receive annual audited financial statements and unaudited quarterly account statements directly from the Fund's administrator. Managed Account clients receive account statements directly from their chosen custodian on the frequency agreed with that custodian. Dragoneer may supplement these statements with reports, letters or other communications.

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

Dragoneer does not receive an economic benefit from any person who is not a Client for providing investment advice or other advisory services and does not expect to compensate any person for client referrals.

### **Item 15. Custody**

Item 15 is not applicable to Dragoneer.

### **Item 16. Investment Discretion**

Dragoneer will generally have discretionary authority over the investment activities of the Funds and Managed Accounts. For the Funds, this discretionary authority is generally

granted to Dragoneer pursuant to the organizational documents of each Fund and/or pursuant to Dragoneer's investment management agreement with such Fund. For the Managed Accounts, this discretionary authority and any limitations thereon are set forth in the applicable investment management agreement. However, Dragoneer may not have signing authority on behalf of some or all of its Managed Accounts. In all cases, Dragoneer is obligated to exercise its investment discretion in a manner consistent with the stated investment objectives, policies, guidelines and restrictions/limitations for a particular Client account.

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

Dragoneer has the authority to vote all proxies on behalf of the Funds, and may be delegated the authority to vote proxies held in a Managed Account as the proxies are received by Dragoneer from the Managed Account Clients. Dragoneer has adopted a policy governing the voting of proxies that is designed to seek to ensure that Dragoneer votes Fund securities in what it believes are the best interest of its Funds. This means generally that Dragoneer will vote a Fund's proxies in an effort to promote the long-term economic value of the underlying securities to the extent the proxy contains sufficient information to make an informed choice. Each proxy proposal will be considered on its own merits, and Dragoneer will make an independent determination whether to support or oppose management's position. If there is any actual or apparent conflict of interest between the interests of Dragoneer and its Clients, Dragoneer will endeavor to resolve such conflict in a manner that is consistent with the best interest of the Clients.

If a Managed Account Client has not delegated the power to vote proxies to Dragoneer, that Managed Account Client may direct Dragoneer to vote in a particular manner at any time upon written notice to Dragoneer. In those circumstances, Dragoneer will comply with the Managed Account Client's specific directions to vote proxies, whether or not such directions specify voting proxies in a manner that is different from these policies and procedures. In instances where Dragoneer does not have authority to vote Managed Account Client proxies, it is the responsibility of the Managed Account Client to instruct the relevant custodian bank or banks or prime broker to mail proxy material directly to such Managed Account Client.

Clients may obtain a copy of these proxy voting policies, and obtain information about how Dragoneer has voted its Clients' proxies, or discuss any particular solicitation by calling 415-539-3105.

#### **Item 18. Financial Information**

Dragoneer does not require or solicit prepayment of any advisory fees more than six months in advance. As a result, Dragoneer is not required to provide a balance sheet for its most recent fiscal year. Dragoneer is unaware of any financial condition that is reasonably likely to impair its ability to meet its commitments to its Clients. Dragoneer has not been the subject of a bankruptcy petition during the past 10 years.

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

Item 19 is not applicable to Dragoneer.