



K1 Investment Management, LLC

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This brochure provides information about the qualifications and business practices of K1 Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at info@k1capital.com or 800-310-2870. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state of securities authority.

Additional information about K1 Investment Management, LLC. is also available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC as an investment adviser does not imply a certain level of skill or training.



Item 2. Material Changes

This is the first brochure filed by K1 Investment Management, LLC with the SEC and therefore it does not have any material changes to disclose.

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Item 4. Advisory Business

K1 Investment Management, LLC (the “Manager”) provides investment advice to pooled investment vehicles that are privately offered to qualified investors in the United States and elsewhere. The Manager commenced operations in November 2010 and is principally owned by R. Neil Malik. The Manager’s clients include the following (together with any pooled investment vehicles advised by the Manager in the future, the “Funds,” individually a “Fund” or the “Client”):

- K1 Private Investors, L.P.
- K1 Private Investors (A), L.P.
- K1 Co-Invest Fund, L.P.
- K2 Private Investors, L.P.

The following entities (each a “General Partner” and together with the Manager and its affiliates, “K1” or the “Management Company”) are affiliated with the Manager:

- K1 Capital Advisors, LLC
- K1 Co-Invest Fund GP, L.P.
- K2 Capital Advisors, L.P.
- K3 Capital Advisors, L.P.

Each General Partner is registered under the U.S. Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “IAA”) pursuant to the Manager’s registration in accordance with SEC guidance. This brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Manager.

The Funds are exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “IC Act”). The Funds generally invest through negotiated transactions primarily in private operating companies which generally consist of private software and related technology companies in the United States (“portfolio companies”). Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, the senior principals or other personnel or appointees of K1 serve on the boards of directors (or other governing bodies) of such portfolio companies held by the Funds or otherwise act to influence control over management of portfolio companies. In addition to investment advice provided to its clients, K1’s services also include managing and monitoring portfolio company investments.

K1’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “Memorandum”) and limited partnership agreement or other governing documents (each, a “Limited Partnership Agreement” and together with the Memorandum and any other governing documents, the “Governing Documents”) and are further described below under Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss.” K1’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, and ultimately selling such investments.

Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Governing Documents. The Funds or K1 have entered into side letters or similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing a Fund’s Limited Partnership Agreement with respect to such investors.



Additionally, from time to time and as permitted by the relevant Limited Partnership Agreement, K1 expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers. Co-investment opportunities can also be provided to K1 Operations, LLC (“K1 Operations”), an affiliate of K1, K1’s personnel and/or certain other persons associated with K1 and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, and the co-investor or co-invest vehicle may be charged interest on the purchase to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.

As of December 31, 2015, K1 managed approximately \$806,197,000 in client assets on a discretionary basis.

Item 5. Fees and Compensation

A summary of each Fund’s fees and expenses follows, but investors should review the applicable Fund’s Limited Partnership Agreement for details regarding that Fund’s fee structure and expenses. Undefined terms not defined in this Brochure are defined in the applicable Limited Partnership Agreement.

Management Fees

K1 receives an annual management fee (the “Management Fee”) from each Fund, the terms of which differ from Fund to Fund but are generally 2% of aggregate investor commitments during the Fund’s investment period, and thereafter 2% of (i) the aggregate investment contributions, plus (ii) the aggregate amount of commitments reserved for pending investments, plus, with respect to certain Funds, (iii) any borrowings made in anticipation or in lieu of the investors making investment contributions, less (iv) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written down. With respect to K1 Co-Invest Fund, L.P., the Management Fee is equal to 1.5% of the calculation specified in (i) through (iv) above. Management Fees are payable partially in advance and in arrears. Fees are deducted from the account of each Fund. The Management Fee generally will be reduced upon the occurrence of certain events as described in the applicable Limited Partnership Agreement and discussed below. K1 has the discretion to waive all or a portion of its Management Fee. Certain investors closely associated with K1 or its affiliates therefore are subject to a lower Management Fee and carried interest than other limited partners.

The Management Fee generally commences as of the effective date for a Fund based on aggregate commitments, regardless of when a limited partner is actually admitted. Limited partners participating in a subsequent closing after the initial closing date are assessed Management Fees retroactive to the effective date of a Fund as if such limited partner was admitted for its full commitment on the effective date and, in addition, will be charged an amount equal to the product of (i) 8% per annum multiplied by (ii) the amount of such assessed Management Fees, calculated from the date such Management Fee payments would have been due if such limited partner were admitted for its full Commitment on the initial closing date. Any such amounts will be paid to the Fund’s General Partner. The Management Fee will be paid out of current income and investment proceeds of the Fund and/or, in the General Partner’s discretion, from drawdowns that will reduce unfunded commitments.

Principals or other current or former employees of the Management Company generally receive a portion of the Management Fee, carried interest or other compensation received by the Management Company or its affiliates.



Management Fee Offsets

Subject to the applicable Limited Partnership Agreement, Management Fees generally are reduced by directors' fees, advisory fees, transaction fees and break-up fees and certain other fees that are paid to the General Partners. The Management Fee is not reduced with respect to any amount received by the General Partner or other person from a portfolio company as reimbursement for expenses directly related from a portfolio company, as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company or any fees, incentive equity or other stock awards and expenses in connection with services rendered by K1 Operations. To the extent that any other Fund or any other entity or individual co-invests alongside a Fund in any portfolio company investment, portfolio company related fees retained by K1 that are generally subject to the Management Fee reduction described above will be allocated among such Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, a Fund will, in most cases, only benefit with respect to its allocable portion of any such fees and not the portion of any fee allocable to any other investor in a portfolio company. The General Partners may elect to waive a portion of the Management Fee in exchange for a reduction in the General Partners' cash capital contribution obligation and/or a corresponding interest in Fund profits. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Management Company and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in the Funds, resulting in a net additional benefit to the Management Company.

Carried Interest

The General Partners are entitled to a carried interest from the respective Funds equal to 20% of all realized profits, subject to a specified preferred return with a related General Partner catch-up provision, as more fully described in the Governing Documents. The carried interest distributed to the General Partners is subject to a potential giveback at the end of the life of a Fund if the General Partner has received excess cumulative distributions.

K1 has the authority to waive all or a portion of carried interest with respect to certain investors.

Other Fees and Expenses

In addition to Management Fees and carried interest, the Funds pay, and ultimately investors bear, other types of fees and expenses as set forth more fully in the Limited Partnership Agreements.

The Funds reimburse the General Partners for the Funds' and affiliated entities' organizational and startup expenses including legal, travel, accounting, filing, printing, capital raising and other organizational expenses. The General Partners bear the cost (through an offset against the Management Fee or otherwise) of all organizational expenses in excess of certain limits disclosed in the Governing Documents and any placement fees in connection with the formation of the Funds.

The Funds pay all of their costs and expenses that are not reimbursed by portfolio companies, which include travel and any other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of portfolio company investments, including follow-on investments and refinancings. Other Fund expenses include legal, auditing, consulting, financing, accounting and custodian fees and expenses; all out-of-pocket fees and expenses incurred in connection with the registration of the Management Company and/or any of its affiliates as an exempt reporting adviser and/or a registered investment adviser under the IAA (to the extent specified in certain Funds' Limited Partnership Agreements); expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and any other Fund-related reporting or filing obligations; expenses incurred in connection with transactions not consummated (including expenses relating to those transactions that have been offered to co-investors); all fees and out-of-pocket expenses of, and compensation (including salaries, retainer fees and other



similar compensation) paid to, members of K1 Operations; expenses of the Funds' Advisory Boards (as defined below), the Management Advisory Board and annual meetings of the limited partners and any other meeting with any Limited Partner(s) or by or amongst officers, executives or senior management of portfolio companies; insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Funds.

To the extent possible, third-party expenses incurred in connection with consummated transactions are borne by the respective portfolio companies of the Funds.

The Funds intend to invest on a long-term basis. Accordingly, the Management Fee and other fees are expected to be paid over the terms of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

As discussed above, the General Partners have in the past, and in the future expect to, permit certain investors to co-invest in portfolio companies alongside one or more of the Funds. Where a co-investment vehicle is formed, such entity is expected to bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all fees, expenses or other liabilities or obligations relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction.

The Management Company and/or its affiliates have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and the rate, timing and/or amount of such compensation. The receipt of such compensation gives rise to potential conflicts of interest between the Funds, on the one hand, and the Management Company and/or its affiliates on the other hand. K1's compensation from these sources is subject to agreements with buyers, sellers and management teams as well as the review and supervision of the board of directors of portfolio companies which helps to mitigate this conflict of interest.

Please refer to the Funds' Governing Documents for a complete description of the fees and expenses paid by the Funds.

K1 Operations and Other Consultants

As described in this Brochure and in the applicable Governing Documents of each Fund, it is the Management Company's practice to retain certain consultants including K1 Operations, its dedicated operational consulting affiliate, to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more of the Funds invest. K1 Operations and other consultants generally provide services as described in Item 11 "Other Financial Industry Activities and Affiliations—K1 Operations and Certain Consultants' Conflicts of Interest." K1 Operations and other consultants may charge the Funds or their portfolio companies for such services and for any related out-of-pocket expenses. Such compensation or expenses will not offset or reduce the Management Fee and, as such, are not covered by the Management Fee. The use of K1 Operations and other consultants subjects the Management Company to conflicts of interest, as discussed under Item 11.

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

As described under Item 5 "Fees and Compensation", the General Partners receive a carried interest allocation on certain realized profits in the Funds.

K1 does not currently manage client accounts that are not charged a performance fee.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to



make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although K1 generally considers performance-based compensation to serve to align its interests with those of investors in the Funds.

Item 7. Types of Clients

K1 provides investment advice to the Funds, which include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the IC Act. K1 also advises - investment vehicles, including co-investment vehicles that invest alongside a Fund.

Investors in the Funds may include public pension plans, other investment entities, pension and profit-sharing plans, university foundations, family offices, insurance companies, estates or charitable organizations, banks and other financial institutions, other business entities and high net worth individuals, and include, directly or indirectly, principals or other employees of K1 and its affiliates and members of their families, K1 Operations or other service providers retained by K1.

The Funds have minimum investment amounts ranging from \$250,000 to \$5 million for third-party investors. Fund interests are offered and sold only to accredited investors that are also qualified clients and, unless waived by the applicable General Partner, qualified purchasers (or qualified knowledgeable K1 personnel). Such minimum investment amounts may be waived by K1.

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

K1's investment strategy is based on the following approach:

Deal Sourcing

At the core of K1's organization is its sourcing process. K1 has built a team from the ground up with a focus on identifying enterprise software companies through its direct solicitation model. K1's sourcing team typically avoids intermediated processes and looks to contact companies that are not specifically seeking a transaction or engaged in a process.

Investment Criteria

K1 seeks to maintain a disciplined focus on investments meeting well-defined investment criteria. K1 focuses on enterprise applications that provide significant value to the end customers. These applications typically have long replacement cycles and require significant time and resources to displace. K1's investment strategy is to focus on companies that, in addition to providing mission critical applications, are systems of record and hold significant amounts of data for their customers. K1 is focused on identifying companies with a majority of revenue derived from recurring subscription fees. Customers prefer these business models because of their low upfront capital expenditures while allowing software vendors to increase revenue visibility and predictability. K1 is also focused on companies that provide enterprise applications that offer significant value to their customers.

Value Creation

K1 has developed the IOps program, a library of best practices to implement at each of the portfolio companies. These best practices have been developed by the K1 Operations, LLC team in conjunction with several portfolio company executives, C-level executives the Principals have worked with in the past, industry consultants and current limited partners. These best practices include tools and processes that allow K1 to implement its process-based investment strategy consistently across the portfolio.



The focus of the IOps program is to develop and grow organizations that have high performing teams, strong cultures, predictable and repeatable results and high accountability.

Managing Liquidity Events

K1's primary objective is to achieve an attractive value at exit for its portfolio companies. K1 expects to retain experienced investment banks to run broad processes that may include a strategic or financial buyers as well as a public offering for its portfolio companies. There can be no assurance that the Management Company will achieve the investment objectives of any Fund and a loss of investment is possible.

Material Risks

The Funds and their investors bear the risk of loss that K1's investment strategy entails. Although the following risk factors are generally applicable to the Funds, investors should also refer to each Fund's Memorandum for risk factors specific to their Fund. The risks involved with K1's investment strategy and an investment in the Funds include, but are not limited to:

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

Future and Past Performance. The performance of K1's prior investments is not necessarily indicative of a Fund's future results. While K1 intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal is possible.

Concentration of Investments. The Funds will participate in a limited number of investments and intend to make most of their investments in one industry or one industry segment or within a short period of time. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect their aggregate returns. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

Co-Investments. The General Partners may provide or commit to provide co-investment opportunities to one or more investors and/or other persons including certain affiliates of K1, K1 Operations, and other consultants and service providers, finders, other sponsors and market participants, in each case on terms to be determined in the sole discretion of the General Partners, subject to the applicable Governing Documents and K1's policies regarding allocation. Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partners in their sole discretion, may not be in the best interests of the Funds or any individual investors. K1's policies permit the General Partners to consider some or all of a wide range of factors, which may include one or more of the following: (i) the ability of an investor to commit to invest in a short period of time, in light of the timing constraints applicable to such investment; (ii) the ability of an investor to commit to a significant portion of such opportunity; (iii) whether an investor provides strategic value in respect of such investment, such as by having relevant experience in the sector or existing relationships with management or other relevant parties; (iv) the size of an investor's commitment to the relevant Fund; (v) whether and to what extent an investor has accepted prior co-investment opportunities offered to it; or (vi) such other factors as K1 deems relevant, which may include subjective determinations such as working relationships and strategic benefits to K1 or to K1's Funds, and/or the likelihood that an investor may invest in the Fund or a future fund sponsored by the General Partners or their affiliates. The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-venturer or



partner. In some cases, a co-investment vehicle may be formed in connection with the consummation of a transaction. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, the full amount of any fees, expenses or other liabilities or obligations relating to such proposed transaction would be borne by the Funds, and not by any potential co-investors that would have participated in such transaction.

Co-investment opportunities may, and typically will, be offered to some and not to other investors. When and to the extent that employees and related persons of the Manager and its affiliates make capital investments in or alongside certain Funds, the Manager and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fees payable to the General Partners) may exceed their income, thereby requiring that the difference be paid from the Funds' capital, including unfunded Commitments.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing venture capital and private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through the Funds during the Investment Periods based on the entire amount of the limited partners' commitments and other expenses as set forth in the Limited Partnership Agreements.

Dynamic Investment Strategy. While the General Partners generally intend to seek attractive returns for the Funds through making venture and early-stage investments, the General Partners may pursue additional investment strategies, including making buyout investments and may modify or depart significantly from their initial investment strategy, investment process and investment techniques as they determine appropriate. The General Partners may pursue investments outside of the industries and sectors in which the principals have previously made investments.

K1 has relied on an exemption from registration under the IAA available to investment advisers that advise solely "venture capital funds" (the "VC Exemption"). To qualify as a "venture capital fund," a fund must adhere to certain investment policies which, among other things, limit such fund's use of leverage and the extent to which it may invest in non-venture capital investments. In connection with K1's registration as an investment adviser it is no longer required to adhere to such policies with respect to the Funds under the IAA and may pursue non-venture capital investment strategies, including buyout investments, and may employ leverage, to a greater extent than it would if it was relying on the VC Exemption. In addition, a portion (based on the respective aggregate capital commitments of Funds permitted to bear such fees and expenses under the Limited Partnership Agreements) of all out-of-pocket fees and expenses incurred in connection with the registration of K1 and/or any of its affiliates as a registered investment adviser under the IAA, will be paid by the Funds, subject to the terms of the Limited Partnership Agreements.

Early-Stage and Start-Up Investments. It is anticipated that the Funds will make investments in start-up and early-stage venture capital companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Funds will be successful.



Risks Inherently Associated with Technology Companies. Technology companies often face specific risks which the Funds will necessarily also be exposed to by concentrating their investment strategy in such companies. Such risks typically include: (1) rapidly changing science and technologies; (2) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (3) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (4) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (5) rapidly changing investor sentiments and preferences with regard to technology sector investments.

Many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that the Funds or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a portfolio company's technologies. Piracy may adversely affect portfolio company revenue and its impact on revenue from outside the U.S. may particularly be significant in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent protection of intellectual property rights. Reductions in the legal protections for software intellectual property rights could also adversely affect portfolio companies.

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

Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities. The United States, pursuant to the "Foreign Account Tax Compliance Act" or "FATCA" has entered into numerous intergovernmental agreements with various jurisdictions concerning the exchange of information as a means to combat tax evasion. The United Kingdom has entered into similar agreements with various jurisdictions. Other countries are also considering such agreements, and the OECD has proposed a worldwide tax information exchange standard that is likely to be adopted by many countries for years after 2015. One or more of these information exchange regimes are likely to apply to the Fund and/or alternative investment vehicles, and may require the General Partner to collect and share with applicable taxing authorities information concerning Limited Partners (including identifying information and amounts of certain income allocable or distributable to them). In addition, FATCA generally imposes a withholding tax of 30% on a non-U.S. entity's share of most payments attributable to investments in the United States, including dividends, interest, and, beginning on January 1, 2017, gross proceeds of a disposition of stock, unless an exception applies. The Funds may be required to withhold such taxes from certain non-U.S. Limited Partners, unless an exception applies.

Conflicting Investor Interests. Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partners regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partners generally will consider the investment and tax objectives of a Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually. The General Partners may be presented with opportunities to seek financing and other services in connection with a Fund's investments from certain Limited Partners or their affiliates that are engaged in the lending business or other businesses, respectively. This has the potential to subject the General Partners to conflicts of interest, because although the General Partners select lending and other service providers that they believe are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the Funds, the General Partners may have an incentive to pursue financing and other opportunities with certain



Limited Partners because of its financial or other business interest, including a Limited Partner's historical or potential future relationship with a General Partner and Fund investments made or to be made by a Limited Partner. There is a possibility that the General Partners, because of a belief that a Limited Partner will invest or continue to invest in one or more investment funds managed by the General Partners or any of their affiliates, or for other reasons, may favor the retention or continuation of lending or other services from such Limited Partner even if better rates and/or quality of service could be obtained from another person. Whether or not the General Partners have a relationship or receive financial or other benefit from recommending a particular Limited Partner for lending or other services, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at a lower cost.

Alternative Investment Fund Managers Directive. The EU Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) the Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the General Partner may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of commitments.

Investment in Junior Securities. The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect an investment once made.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the General Partners) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

Non-Controlling Investments. The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Limited Transferability of Fund Interests. There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Limited Partnership



Agreements and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Concentration of Investments. The Funds will participate in a limited number of investments and intend to make most of their investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing venture capital and private equity transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will be required to pay annual Management Fees during the investment period based on the entire amount of their commitments and other expenses as set forth in the applicable Limited Partnership Agreement.

Reliance on the General Partners and Portfolio Company Management. Control over the operation of the Funds will be vested with the General Partners, and a Fund's future profitability will depend largely upon the business and investment acumen of K1. The loss of service of one or more of the principals of K1 could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, the principals currently manage, and expect in the future to manage, other investment funds besides the Funds and the principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the principals. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend entirely on the actions of the General Partners. In addition, certain changes in the General Partners or circumstances relating to the General Partners may have an adverse effect on the Funds or one or more of their portfolio companies including potential acceleration of debt facilities.

Although the General Partners will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Director Liability. The Funds will often seek to obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. Being on the board of directors may also have the effect of impairing the General Partners' ability to sell the related securities when, and upon the terms, it may otherwise desire and may subject the General Partners, K1, and the Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, a Fund will indemnify the General Partners and K1 from such claims. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.

Delayed Schedule K-1s. The Funds may not be able to provide final Schedule K-1s to Limited Partners for any given fiscal year until after April 15 of the following year. The General Partners will endeavor to provide Limited Partners with final Schedule K-1s or with estimates of the taxable income or loss allocated to their investment in a Fund on or before such date, but final Schedule K-1s may not be available until a Fund has received tax-reporting information from its portfolio companies necessary to prepare final Schedule K-1s. Limited Partners may be required to obtain extensions of the filing dates for their U.S. federal, state and local income tax returns. Each prospective investor should consult with its own advisor as to the advisability and tax consequences of an investment in a Fund.



Leveraged Investments. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of a Fund's investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which have been near historic lows) and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The Funds may incur leverage on a joint and several basis with one or more other investment funds and entities managed by K1 or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Limited Partnership Agreement, including the value used to determine the amount of carried interest available to the General Partners with respect to such investment.

Hedging Arrangements. The General Partners may (but are not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partners and/or one of their affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.



Significant Adverse Consequences for Default. The Partnership Agreements provide for significant adverse consequences in the event a Limited Partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting Limited Partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

Dilution. Limited Partners admitted or that increase their respective commitments to the Funds at subsequent closings generally will participate in then-existing investments of a Fund, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of a Fund's existing investments at the time of such contributions.

General Partners' Carried Interest. The fact that the General Partners' carried interest is based on a percentage of net profits may create an incentive for the General Partners to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Transfer by General Partner. To the extent the General Partners, their partners, the Principals of K1 and/or their respective affiliates commit to make a direct or indirect investment in or along-side a Fund, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreement.

Public Company Holdings. The Funds' investment portfolios may contain securities and debt issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals of K1, and increased costs associated with each of the aforementioned risks.

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

Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. The recent deterioration of the global credit markets has made it more difficult for investment funds such as the Fund to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new venture



capital and buyout investments or to only offer committed financing for these investments on unattractive terms. The Funds' ability to generate attractive investment returns may be adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Funds to realize their investments at favorable times or for favorable prices.

Monitoring Fee Acceleration. Agreements made with portfolio companies may require the acceleration of future monitoring fees and other fees payable by a portfolio company at the sale or public offering of such portfolio company and an agreed upon value of such fees may be paid to the General Partners at such time.

Unfunded Pension Liabilities of 80%-Owned Portfolio Companies. Recent court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. The Funds may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests 80% or more of the equity.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners, differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment, and the possible imposition of foreign taxes on income and gains recognized with respect to such securities. *Additional risks include.* (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets.

Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a



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

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

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at K1 or one of its service providers holding its financial or investor data, K1, its affiliates, the Funds or investors may also be at risk of loss, despite efforts to prevent and mitigate such risks.

Litigation. In the ordinary course of its business, each Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partners' and the principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

Limitation of Recourse and Indemnification. The Partnership Agreements limit the circumstances under which the General Partners and their affiliates and certain other persons will be held liable to the Funds. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provisions. In addition, the Partnership Agreements provide that the Funds will indemnify the General Partners and their affiliates and certain other persons for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to Limited Partners.



Advisory Board. The General Partners appoint one or more Limited Partner representatives to the Funds' Advisory Boards. The Partnership Agreements provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to a Fund or any other Partner. In addition, representatives of the Advisory Boards may have various business and other relationships with K1 and its partners, employees and affiliates. These relationships may influence their decisions as members of an Advisory Board.

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

This discussion of the material risks of K1's investment strategy does not represent all of the risks associated with an investment in a Fund. Each Fund's Memorandum sets out additional risks associated with the Fund.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the investment adviser or the integrity of its management. The Manager has no disciplinary matters required to be disclosed under this item.

Item 10. Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

A registered investment adviser is required to disclose whether it or any of its management persons are registered, or have an application pending to register, as a (a) broker-dealer or a registered representative of a broker-dealer, or (b) futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities. Neither the Manager nor any of its management persons are registered as such or have any application for such registration pending.

Relationships or Arrangements

K1 is affiliated with other K1 investment advisers registered with the SEC under the IAA pursuant to K1's registration in accordance with SEC guidance. These affiliated investment advisers operate as a single advisory business together with K1 and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Additional information regarding how K1 addresses conflicts of interest is provided in Item 11 below.

Certain members of K1's Management Advisory Board (a board of experienced industry professionals selected by K1 but unaffiliated with K1, with which K1 may consult from time to time) are entitled to fees, reimbursements and other compensation from the General Partners, the Manager, the Funds, (including any parallel investment entity, any alternative investment vehicle and their respective affiliates) and/or any portfolio company in exchange for services provided to any of the foregoing, and any such fees, reimbursements or other compensation do not reduce management fees payable by the Funds. Management Advisory Board members (a) will be reimbursed by the Funds



for their reasonable out-of-pocket expenses, including travel expenses, incurred in connection with their Management Advisory Board activities and (b) will be entitled to the benefit of certain indemnification and exculpation provisions.

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

K1 has adopted a Code of Ethics (the “Code”), which sets forth standards of conduct that are expected of K1’s principals and employees and addresses certain conflicts that may arise from personal securities trading. Among other things, the Code:

- requires K1 personnel to report their personal securities transactions;
- prohibits or requires pre-clearance for K1 personnel regarding any direct or indirect acquisition of beneficial ownership in any initial public offering or limited offering;
- prohibits K1 personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the K1 Chief Compliance Officer.
- requires compliance with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material nonpublic information.

A copy of the Code will be provided to any investor or prospective investor upon request to K1 at 800-310-2870. Personal securities transactions by K1 personnel are required to be conducted in a manner that prioritizes the Clients’ interests in Client eligible investments.

Principals and employees of K1 and its affiliates may directly or indirectly own an interest in the Funds or certain co-investment vehicles. Co-investment vehicles are formed to invest in one or more of the same portfolio companies as the Funds.

Additionally, a Fund may invest together with other Funds advised by an affiliated adviser of K1 in the manner set forth in the Limited Partnership Agreements and K1’s related policies. K1 will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients, consistent with K1’s obligations and may take into consideration factors such as those set forth herein.

K1 and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities that differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

K1 and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, K1 and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of K1.

Accordingly, should K1 or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company or non-public company, K1 generally would be prohibited from communicating such information to clients, and K1 would have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of K1 personnel serving as directors of public



companies and may restrict trading on behalf of clients, including the Funds.

Conflicts of Interest

K1 and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other funds, and providing transaction-related, management and other services to the Funds and portfolio companies. K1 devotes time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Limited Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of K1 conducting its activities, the interests of a Fund may conflict with the interests of K1, one or more other Funds, portfolio companies or their respective affiliates. Although certain of these conflicts of interest are discussed in this Brochure, investors should refer to the Governing Documents for a full discussion of conflicts of interest.

K1 determines all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the Funds.

During the commitment period of a Fund, K1 generally pursues all appropriate investment opportunities to invest in new portfolio companies through such Fund, subject to certain limited exceptions. However, K1 currently manages, and expects in the future to manage, several other investment funds and investments similar to those in which the Funds invest, and may direct certain relevant investment opportunities to those investment funds and investments. K1's principals and investment staff will continue to manage and monitor such investment funds and investments. K1's investment in a Fund, as well as K1's interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of K1 with the interest of the partners of such Fund, although K1 may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that K1 may control may compete with a Fund or companies acquired by such Fund. Following the commitment period of a Fund, K1 may, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, K1 will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of K1. In determining which investment vehicles should participate in such investment opportunities, K1 and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. K1 attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by K1's advisory affiliates to investors in investment vehicles managed by them, and seeks to allocate investment opportunities among such entities in a fair and equitable manner. Where necessary, K1 consults and receives consent to conflicts from an advisory board of a given Fund consisting of limited partners of such Fund(s) and such other investment vehicles, if any.

K1 must first determine which Fund(s) will, or are required to participate in the relevant investment opportunity. K1 generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Limited Partnership Agreement and conflicts of interest provisions therein, other Governing Documents and Side Letters, investment and operating guidelines, diversification limitations, tax and regulatory considerations, investment restrictions, risk and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. K1 will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess may be offered to one or more potential co-investors, as described in Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss – Material Risks—Co-Investments."

K1's allocation of investment opportunities often will not result in strictly proportional allocations among the Funds and other persons and entities. Allocations may be more or less advantageous to some such persons relative to others. While K1 will allocate investment opportunities in a manner that it believes in good faith is fair and equitable



to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which K1 may be subject, did not exist.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. K1 and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to the Limited Partnership Agreements, expense allocation decisions will generally be made by K1 or its affiliates in a manner they believe in good faith is fair and equitable to their clients under the circumstances, using their best judgment and considering such factors as they deem relevant, but in their sole discretion. In exercising such discretion, K1 may be faced with a variety of potential conflicts of interest, and the allocations of such expenses may not be proportional. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

K1 Operations and Certain Consultants' Conflicts of Interest

The General Partners, the Funds and their portfolio companies (including prospective portfolio companies) from time to time retain certain persons to provide services to them. These persons (the "Special Consultants") include affiliates of the General Partner or employees of K1 Operations. Special Consultants may also be certain non-investment professionals employed or retained by K1 Operations, portfolio companies of other funds managed by the General Partner or its affiliates, third party consultants, "operating partners," "strategic partners," "executive partners" and "senior advisors". The services provided by Special Consultants to the General Partners, Funds, portfolio companies and their respective affiliates include the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies (collectively, "Services"). K1 Operations and its members may provide Services, including in the areas of sales and marketing, software development, implementation and customer support, recruiting and human resources, mergers and acquisitions and finance and accounting, to the Funds and their portfolio companies, including their respective affiliates. Special Consultants, including K1 Operations and its members, may charge the Funds, such portfolio companies and such affiliates for Services and for any related out-of-pocket expenses incurred by such persons in connection with providing Services ("Consulting Fees and Expenses"). Consulting Fees and Expenses may, at the discretion of the General Partners taking into account the particular Services, include a profits or equity interest in a portfolio company or other incentive-based compensation to the Special Consultants, including K1 Operations and its members. Such incentive-based compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultants, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Any Consulting Fees and Expenses will not be shared with the Funds or their investors and will not reduce management fees payable by the Funds.

Although K1 seeks to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost



savings from such retention or no improved performance. K1 also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that K1 believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Special Consultants and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Other Conflicts of Interest

As a result of the Funds' controlling interests in portfolio companies, K1 and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to K1 and/or its affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to K1. K1 and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by K1 and/or its affiliates. Additionally, K1, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or other service providers, some of which will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, K1 and/or its affiliates, and/or the Funds or other investment vehicles they advise.

A portfolio company typically will reimburse K1 or a service provider retained at K1's discretion for expenses (including without limitation travel and in certain cases meal and entertainment expenses) incurred by K1 or such service provider in connection with its performance of services for such portfolio company. This subjects K1 and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. K1 determines the amount of these reimbursements for such services in its own discretion, subject to internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, and any fee paid or expense reimbursed to K1 or such service providers generally is subject to agreements with sellers, buyers and management teams and/or the review and supervision of the board of directors of or lenders to portfolio companies. K1 believes these factors help to mitigate related conflicts of interest.

K1 exercises its discretion to recommend to a Fund or to a portfolio company that it contract for services with (i) K1 or a related person of K1 (which may include a portfolio company of such Fund), (ii) an entity, including portfolio companies owned by a Fund, with which K1 or its affiliates has a relationship or from which K1 or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, K1 may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related businesses. This subjects K1 to conflicts of interest, because although K1 selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, K1 has an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. K1, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or K1), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not K1 has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

K1, its affiliates, and equity holders, officers, principals and employees of K1 and its affiliates may buy or sell securities or other instruments that K1 has recommended to a Fund. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of K1 have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with



these investments.

K1 and/or its affiliates may enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by K1, are reimbursed by a Fund and/or its portfolio companies. K1 may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Each General Partner's carried interest is based on a percentage of net realized profits which creates an incentive for K1 to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when K1 may not otherwise have done so. However, K1 believes that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of K1 with that of the Funds.

K1 attempts to resolve conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by K1 and its affiliates to investors in investment vehicles managed by them. Where it deems necessary, K1 consults and receives consent to conflicts from an advisory board of the relevant Fund.

Investors should refer to the Funds' Governing Documents for a complete discussion of the various conflicts of interest to which K1 and its affiliates are subject.

Item 12. Brokerage Practices

K1 primarily focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, K1 may also distribute securities to investors in the Funds or sell such securities, including by using a broker-dealer, if a public trading market exists. Although K1 does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If K1 sells publicly-traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by K1. In such event, K1 will seek to select broker-dealers on the basis of best price and execution capability. In selecting a broker-dealer to execute client transactions, K1 may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; (v) responsiveness to requests; and (vi) the financial strength of the broker and other broker financial information.

K1 has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker-dealer on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible broker-dealers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although K1 generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with K1 seeking to obtain best execution, brokerage commissions on client transactions may be directed to broker-dealers in recognition of research furnished by them, although K1 generally does not make use of



such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these broker-dealers would be used to service all of K1's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by K1, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that K1 allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution. To the extent K1 uses "soft dollars" on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

To the extent that K1 engages in any public securities transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, K1 may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, K1 may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or aggregated to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

Aggregated transactions are executed in a manner intended to ensure that no participating Fund of K1 is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregated order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable to the Funds over time.

Item 13. Review of Accounts

Oversight and Monitoring

Each Fund has specific investment criteria and limitations set forth in the Governing Documents of the Fund. K1 evaluates whether the investment will satisfy the particular investment criteria and limitations applicable to such Fund. After an investment is made by a Fund, K1 will continuously monitor the investment for the Fund.

K1 generally enters into an investment with the expectation of being an active investor. Individual investments held within the Funds are reviewed by K1's Principals on a continuous basis as part of the portfolio monitoring process.

Reporting

Each Fund will furnish to its limited partners (i) annual audited financial statements, (ii) unaudited financial statements for the first three quarters of each fiscal year and (iii) annual tax information necessary for each partner's U.S. tax returns.

Item 14. Client Referrals and Other Compensation

K1 and/or its affiliates provide certain business or consulting services to companies in a Fund's portfolio and



receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation may, in certain circumstances, offset a portion of the Management Fees paid by a Fund. However, in other circumstances (e.g., reimbursements for out of pocket expenses directly related to a portfolio company), these fees are in addition to the Management Fees.

From time to time, K1 may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by K1 (indirectly through an offset against the Management Fee or otherwise), although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

Item 15. Custody

As required by the Advisers Act, K1 has established accounts with the qualified custodians to hold funds and securities on behalf of the Funds. The Funds' qualified custodian is First Republic Bank.

The Funds are subject to an annual audit in accordance with generally accepted accounting principles as promulgated in the United States. Audited financial statements are distributed to limited partners within 120 days of each Fund's fiscal year-end in accordance with Rule 206(4)-2 of the Advisers Act.

Item 16. Investment Discretion

K1 has discretionary authority to manage investments on behalf of the Funds. As a general policy, K1 does not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, K1 has entered into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other agreed-upon reasons. K1 assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

Item 17. Voting Client Securities

K1 has adopted proxy voting policies and procedures to address how it will vote proxies (the "Proxy Voting Policy"), as applicable, for the Funds' portfolio investments. The Proxy Voting Policy seeks to ensure that K1 votes proxies (or similar instruments) in the best interest of the Funds. K1 generally votes in favor of proposals supported by and against proposals opposed by any member of the Board that was nominated or designated by K1, if there is such a director, unless K1 believes that the particular rights of the Clients clearly would be better served by voting differently. K1 generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Voting Policy provides that K1 will address the conflict by convening the proxy voting committee which comprises Principals of the Manager. K1 does not consider service on portfolio company boards by K1 personnel or K1's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. The Proxy Voting Policy sets forth certain specific proxy voting guidelines followed by K1 when voting proxies on behalf of a Fund. Limited Partners may obtain information about how a proxy was voted and/or obtain a copy of the proxy voting policies and procedures at no charge upon written request to:



K1 Investment Management, LLC
2101 Rosecrans Avenue, Suite 6250
El Segundo, CA 90245

Class Actions

As a fiduciary, K1 seeks to act in Clients' best interests with good faith, loyalty, and due care. K1 will determine whether Clients will (a) participate in a recovery achieved through a class action, or (b) opt out of the class action.

Item 18. Financial Information

A registered investment adviser is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients and disclose if it has been the subject of a bankruptcy petition at any time during the past ten years. K1 has no financial condition that impairs its ability to meet the contractual commitments to its clients and has not been the subject of a bankruptcy petition.