

**ITEM 1 - COVER PAGE**



**BROCHURE**

**Form ADV Part 2A**

**SEARCHLIGHT CAPITAL PARTNERS, L.P.**

March 30, 2017

This brochure provides information about the qualifications and business practices of Searchlight Capital Partners, L.P. If you have any questions about the contents of this brochure, please contact us at +1 212 293 3730 or [ir@searchlightcap.com](mailto:ir@searchlightcap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Searchlight Capital Partners, L.P. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Searchlight's status as an investment adviser registered with the SEC under the Advisers Act does not imply a certain level of skill or training.

## **ITEM 2 - MATERIAL CHANGES**

This brochure updates the previous Searchlight Capital Partners, L.P. (“Searchlight”) brochure dated March 30, 2016. This brochure includes details regarding the change in Searchlight’s chief compliance officer and Searchlight’s new affiliated investment fund, Searchlight Opportunities Fund, L.P., and provides routine annual updates, including updates to Searchlight’s total Assets Under Management, as well as enhanced disclosures relating to fees, expenses, co-investment practices and potential conflicts of interest.

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## **ITEM 4 - ADVISORY BUSINESS**

### ***A. Description of Advisory Firm***

Searchlight Capital Partners, L.P., a Delaware limited partnership ("Searchlight" or the "Firm") is a private equity firm established in June 2010. Searchlight was founded by Oliver Haarmann, Erol Uzumeri and Eric Zinterhofer (collectively, the "Principals"), who are the principal owners of the Firm directly and indirectly through Searchlight Capital Partners, LLC, a Delaware limited liability company and the general partner of Searchlight. In addition, the Firm's affiliates, Searchlight Capital Partners UK, LLP and Searchlight Capital Partners Canada Limited act as relying advisers and operate with Searchlight as a single advisory business. The Firm is a private investment firm operating in North America and Europe with offices in New York, London and Toronto. Searchlight has the ability to invest across the capital structure in both equity and debt. The Firm seeks to invest in attractive companies across a wide range of industries and is comfortable investing in complex situations. Our objective is to work in partnership with company management by providing patient, long-term capital as well as the strategic and operational support to enhance value creation for all stakeholders. Searchlight currently provides investment advisory services to Searchlight Capital, L.P., Searchlight Capital PV, L.P., and their respective parallel funds and alternative investment vehicles formed from time to time (collectively, "Fund I"), Searchlight Capital II, L.P., Searchlight Capital II PV, L.P., Searchlight Capital II Advisors, L.P. and their respective parallel funds and alternative investment vehicles formed from time to time (collectively, "Fund II" and together with Fund I, the "PE Funds") and Searchlight Opportunities Fund, L.P. and its alternative investment vehicles formed from time to time (collectively, the "Opportunities Fund", together with Fund I and Fund II, the "Funds"). In addition, Searchlight manages co-investment vehicles which invest alongside the Fund. As used herein, "Searchlight Funds" refers to the Funds and any co-investment vehicles formed from time to time, together with subsequently sponsored funds and their related vehicles and co-investment vehicles formed from time to time, and any similar pooled investment vehicles formed or managed by Searchlight or its affiliates. The general partner of Fund I is Searchlight Capital Partners GP, L.P., (the "Fund I General Partner"), the general partner of Fund II is Searchlight Capital Partners II GP, L.P. (the "Fund II General Partner") and the general partner of the Opportunities Fund is Searchlight Opportunities Fund GP, L.P. (the "Opps Fund General Partner", and together with the general partners of any other Searchlight Fund, the "General Partners"). The General Partners and Searchlight are affiliates. The General Partners have the power and authority to delegate the management of the Searchlight Funds to Searchlight. The General Partners and the Fund have entered into management agreements with Searchlight to document the delegation of the management of each Searchlight Fund to Searchlight.

### ***B. Types of Advisory Services Offered***

Searchlight provides advice to the Searchlight Funds in respect of their investment portfolios, as well as certain ancillary managerial and administrative services, including, without limitation, identifying and screening potential investments, recommending strategies for the management and disposition of investments, monitoring the performance of investments, and preparing reports necessary or appropriate for compliance with the governing agreements of the Searchlight Funds. Investments in Searchlight Funds are privately offered only to qualified investors, typically institutional investors (for example, public and private pension funds) and eligible high-net-worth individuals.

**C. *Services Tailored to Individual Needs of Clients***

Searchlight's advisory services are geared to the management of the Searchlight Funds, the investment objectives, parameters and restrictions of which are disclosed to investors in the applicable governing agreements before they invest. Investment restrictions applicable to specific Searchlight Funds are customarily imposed in the governing agreements for such Searchlight Funds, as agreed upon with investors.

Searchlight or certain affiliates may also enter into side letters or other writings with specific investors in Searchlight Funds which have the effect of establishing rights under, or altering or supplementing, the terms of the governing agreements of the Searchlight Funds, in respect of the investor to whom such letter or writing is addressed. Any rights established, or any terms altered or supplemented, will govern only that investor and not a Searchlight Fund as a whole. Such side letters may impose restrictions on participation in certain investments or types of investments made by the Searchlight Funds, and may also provide benefits to certain investors in a Searchlight Fund not provided to investors in such Searchlight Fund generally. In addition, such side letters may include, without limitation, rights or altered or supplemented provisions in respect of the priority profit share or management fees, carried interest, distributions, co-investments, excuse or exclusion from investments, transfers of interests in the Searchlight Fund, tax and structuring matters, reporting and information rights, confidentiality, notice requirements, compliance with specified laws or regulations and other representations, warranties or diligence confirmations. Neither Searchlight nor its affiliates will enter into a particular side letter if Searchlight determines that the provisions contained in such side letter would be disruptive to the applicable Searchlight Fund or its investment program. Disclosure of applicable side letter provisions is made to investors prior to their investment in the applicable Searchlight Fund.

**D. *Wrap Fee Programs***

Searchlight does not participate in wrap fee programs.

**E. *Client Assets***

As of December 31, 2016, Searchlight had \$3,648,520,814 in regulatory assets under management on a discretionary basis. As of December 31, 2016, Searchlight did not manage any assets on a non-discretionary basis.

**ITEM 5 - FEES AND COMPENSATION**

**A. *Fees***

The applicable fees for each Searchlight Fund are disclosed to investors in the private offering materials for the relevant private offering and the governing agreements of each Searchlight Fund. The Firm or its designee is generally entitled to receive a management fee or priority profit share (collectively, "Management Fees") payable semi-annually by the applicable Searchlight Fund with respect to each of the Searchlight Fund's limited partners (other than any affiliated limited partner). The General Partners generally receive or will receive a "carried interest" or performance fee, in each case, from the respective Searchlight Fund. Performance fees are typically measured as a percentage of the profits of a Searchlight Fund and are negotiated separately for each Searchlight Fund.

Typically, a portion of the Management Fees payable by each investor in a Searchlight Fund will be reduced (but not below zero) by its pro rata share of other fees received by Searchlight or its affiliates (Senior Advisors are not affiliates) in connection with portfolio investments or prospective portfolio investments of a Searchlight Fund, subject to reimbursement first of the General Partners or their respective affiliates for any balance of unreimbursed Fund expenses paid by the General Partner or such affiliates. Vehicles that do not pay management fees do not receive the benefit of such offset provisions or otherwise share in such fee income.

***B. How Fees are Charged***

Management Fees are payable or will be payable by each investor in a Searchlight Fund on a semi-annual basis. Management fees are generally collected no earlier than the second business day after the beginning of each semi-annual period. Management fees are paid by capital contributions from investors to each Searchlight Fund pursuant to draw down notices delivered by each Searchlight Fund's General Partner out of the total amount of capital an investor agrees to contribute to the applicable Searchlight Fund (*i.e.*, an investor's "capital commitment") or are paid out of proceeds otherwise distributable to the investors in the Searchlight Funds, including cash held by the Searchlight Fund after the disposition of a portfolio investment of a Searchlight Fund and before the proceeds are distributed to investors (*i.e.*, deducted from the assets of a Searchlight Fund). Management fees may also be paid out of borrowings or cash reserves of the applicable Searchlight Fund.

"Carried interest" or performance fees are assessed periodically, as discussed in more detail under Item 6 below.

***C. Other Fees and Expenses***

Searchlight Funds are subject to customary expenses fees, costs and expenses relating to the operation of the applicable Searchlight Fund, including without limitation (i) all fees, costs and expenses related to the sourcing, researching, diligencing, investigating, identifying, analyzing, pursuing, negotiating, consummating, acquiring, purchasing, holding, monitoring, managing, seeking disposition (and sale) opportunities and selling (or otherwise disposing of) investments and prospective investments, whether or not consummated, as applicable (including reasonable travel and related expenses, and reasonable meal, communication and certain reasonable and business-related entertainment expenses incurred in connection therewith and the costs of any research services), (ii) all fees, costs and expenses for transactions not consummated, including, without limitation, all amounts payable to third parties and all fees and expenses of lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated by the Fund, and any deposits or down payments that are forfeited in connection with unconsummated transactions of the Fund (including reasonable travel and related expenses, and reasonable meal, communication and certain reasonable and business-related entertainment expenses incurred in connection therewith), (iii) all fees, costs and expenses of outside legal counsel, consultants, advisers, accountants, administrators, custodians, appraisers, record-keepers, brokers, professional service providers and other outside professionals, including, without limitation, all audit fees, appraisal fees, brokerage commissions, banking and investment banking fees and all fees and costs associated with the preparation and filing (as applicable) of the financial statements, tax returns and Schedule K-1s or similar tax schedules of the Fund and any expenses incurred or paid by the tax matters partner, (iv) the costs of any litigation, D&O or E&O liability or other insurance, any indemnification, extraordinary expense, liability, audit and investigation costs and expenses relating to the affairs of the Searchlight Funds (including all amounts paid in connection with settlements, penalties,

finances and judgments, but excluding any indemnification claims that are finally determined to not be indemnifiable by the Searchlight Funds) and the fees, costs and expenses of complying with applicable law, rules and regulations, (v) costs and expenses of any meetings of the Searchlight Funds' advisory board (the "Advisory Board") or Searchlight Fund Partners ("Partners"), any votes or consents of Partners or the Advisory Board, any amendments to or waivers of the Searchlight Funds limited partnership agreement or any related agreement (including the fees, costs and expenses of legal counsel to the Advisory Board as described in the applicable governing agreement of the Searchlight Fund), (vi) reasonable and business-related out-of-pocket expenses of any of the Senior Advisors (as defined below) incurred in performing any services for the Searchlight Funds (other than any entertainment expenses), including any expenses incurred in connection with performing services for one or more of its potential or existing investments, (vii) principal, interest, fees and any other obligations or expenses arising out of any Indebtedness, including, without limitation, any fees and expenses incurred as a result of the implementation and utilization of any credit facility, (viii) all taxes, duties, fees and other governmental charges levied against the Searchlight Fund and all related filing fees, and (ix) all fees, costs and expenses of the wind down of the Searchlight Fund and its General Partner and the liquidation of the assets of the Fund in connection therewith. In addition, Searchlight Funds will bear all costs, fees and expenses incurred in the formation and organization of the Searchlight Fund and its general partner entities, and the marketing and offering of interests in the Searchlight Fund, including, but not limited to, legal and accounting costs, fees and expenses, travel and related costs and expenses, meal, communication and certain entertainment expenses and filing costs and fees. In accordance with Searchlight's policies, the travel expenses noted above may include business and first class travel, and in certain very limited circumstances the use of private air charters.

Searchlight allocates expenses in a manner it believes is fair and reasonable and consistent with applicable Searchlight Fund governing agreements. Typically, investment-related expenses are allocated among participating Searchlight Funds on a pro rata basis. However, fees, costs and expenses incurred in connection with transactions not consummated by a Searchlight Fund are generally borne by Fund I, Fund II or the Opportunities Fund, as applicable, and not co-investment vehicles or co-investors unless otherwise agreed by such co-investors.

Each Searchlight Fund will also pay any placement agent fees incurred in connection with the marketing and offering of limited partnership interests in the Searchlight Fund, however, the management fees payable by the investors in a Searchlight Fund will be reduced dollar-for-dollar by their share of the amount of placement agent fees paid by the Searchlight Fund, such that the investors in the Searchlight Fund will not ultimately bear the placement agent fees.

Searchlight or one or more of its affiliates may engage or retain one or more third party consultants or investment professionals to assist Searchlight in sourcing transactions and/or providing consulting or related services to the Searchlight Funds' portfolio companies (collectively, "Senior Advisors"). The Senior Advisors include professionals, who are former executives with operating experience, industry specific knowledge and/or geographic expertise. The Searchlight Funds and/or one or more of their respective existing or prospective portfolio companies (a) may pay one or more Senior Advisors consultancy, advisory, directors', monitoring, transaction, sourcing or other similar fees for services provided in respect of the applicable Searchlight Fund or one or more potential and existing investments, and (b) will reimburse each Senior Advisor for such Senior Advisor's out-of-pocket expenses incurred in performing any services for the applicable Searchlight Fund, including any expenses incurred in connection with performing services for one or more of its potential or existing investments. The Senior Advisors are independent contractors that generally receive a monthly retainer which is borne by Searchlight, but they

are not employees of Searchlight. If a portfolio company of a Searchlight Fund directly engages a Senior Advisor, such portfolio company will bear the expenses in connection with such Senior Advisor's services (including the Senior Advisor's compensation which may be in the form of equity grants), and therefore the applicable Searchlight Fund indirectly bears the expense of any such Senior Advisors. Any amounts paid to third party consultants or Senior Advisors by a Searchlight Fund or a portfolio company will not offset or reduce any amount of the management fee or priority profit share payable by the applicable Searchlight Fund to Searchlight.

From time to time, the Funds may form and fund "platform" companies, where the Fund forms a portfolio company and recruits a management team to build the portfolio company through acquisitions and organic growth. Typically, after recruiting and partnering with a management team to lead a new portfolio company, the Funds will commit start-up capital to fund the operations of the portfolio company which includes the overhead of the management team and any diligence and related expenses incurred in pursuing acquisition opportunities.

Given the nature of the Searchlight Funds' investment programs, Searchlight may transact business through broker-dealers and as a result, the Searchlight Funds may incur brokerage and related transaction costs. A discussion of Searchlight's brokerage practices may be found at Item 12 of this brochure.

#### ***D. Refunds for Fees Charged in Advance***

Investors in Searchlight Funds agree to commit a certain amount of capital to a Searchlight Fund in advance of any investment advisory functions performed by Searchlight. Management fees assessed by the Searchlight Funds are paid from these amounts and are payable in advance for each period as described above in Item 5.B. Searchlight's services may be terminated under very limited circumstances, and investors are generally expected to participate in the applicable Searchlight Fund for its duration, although investors in the Opportunities Fund have certain withdrawal rights after the initial commitment period expires. Subject to the applicable governing agreements of the Searchlight Funds, should Searchlight's services be terminated before services are provided for the applicable period, fees that have been paid in advance will generally be pro-rated from the date of Searchlight's termination to the end of the period to which the advance fee covered and will be returned to the investors that paid those fees in advance.

#### ***E. Compensation for Sales of Securities***

Neither Searchlight nor its supervised persons accepts compensation for the sale of securities or other investment products.

### **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

A Searchlight Fund may be assessed a "carried interest" or performance fees that are paid to the applicable General Partner. "Carried interest" is negotiated separately for each Searchlight Fund in compliance with the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The existence of the General Partners' "carried interest" or performance fee may create an incentive for the General Partners and Searchlight to make riskier or more speculative investments on behalf of the Searchlight Funds than would be the case in the absence of these arrangements. These potential conflicts of interest are addressed in the manner described in Item 11.

**A. PE Funds**

The “carried interest” is assessed periodically, typically after the receipt by the PE Funds of proceeds from a portfolio investment, and is paid out of cash or in-kind proceeds otherwise distributable to investors.

The amount of “carried interest” is distributed to the General Partners with respect to each receipt of net proceeds attributable to a portfolio investment of a PE Fund only after the investors in the applicable PE Fund receive the aggregate of (i) the capital contributions of such investor made in respect to such portfolio investment, (ii) the investor’s proportionate share of capital contributions used to pay organizational and other expenses described in Item 5 that have been allocated to such portfolio investment, and (iii) an annually compounded preferred return on such capital contributions.

Generally, upon the termination of a PE Fund, the applicable General Partner will be required to restore funds to the applicable PE Fund to the extent that (i) the investors have not received their return of realized capital and costs and preferred return described above, or (ii) the applicable General Partner has received cumulative distributions in respect of its “carried interest” in excess of a certain percentage of the profits of a PE Fund, in each case, applied on an aggregate basis covering all transactions of the applicable PE Fund. In no event will the applicable General Partner be required to restore more than the cumulative distributions in respect of its “carried interest” received by such General Partner, less income taxes thereon and taxes attributable to property distributed in kind, in each case as calculated in accordance with the applicable governing agreements.

**B. Opportunities Fund**

The “carried interest” is assessed and calculated on an annual basis based on the net increase in value of investors’ capital accounts, taking into account both realized and unrealized gains on investments, at the end of each fiscal year; provided that allocations to the General Partner are subject to certain unrecovered losses in investors’ capital account being restored and certain performance thresholds, similar to a preferred return, being met.

**ITEM 7 - TYPES OF CLIENTS**

Searchlight provides investment advice to the Searchlight Funds, which are its only clients. Interests in the Searchlight Funds are offered privately to a limited number of sophisticated investors, including institutional investors (for example, public and private pension funds, governmental plans, insurance companies, banks, and fund of private equity funds, etc.) and individuals who qualify to invest in the Searchlight Funds because they have a sufficiently high income or net worth (for example, individuals with at least \$5 million in investment assets). Searchlight typically imposes a minimum investment in connection with investing in a Searchlight Fund, often in the range of \$5 million to \$10 million, although such minimums may be waived in the discretion of Searchlight.

**ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

**A. Methods of Analysis and Investment Strategies**

The Firm seeks to invest in attractive companies across a wide range of industries and is comfortable investing in complex situations. Our objective is to work in partnership with company management by providing patient, long-term capital as well as the strategic and operational support to enhance value creation for all stakeholders. The Searchlight team has a strong global network of relationships with

companies large and small, which the team leverages across geographies to enhance deal flow, idea generation and cross border execution.

Investing in portfolio companies involves a high degree of business and financial risk that can result in substantial losses that investors in a Searchlight Fund should be prepared to bear, including up to the entire amount of their investment or commitment. For a discussion of material risks, see Items 8.B and 8.C immediately below. In addition, prospective investors in Searchlight Funds are provided with more detailed information about risks before they invest in any Searchlight Fund in the private offering materials and governing agreements for such Searchlight Fund.

The PE Funds pursue a strategy that targets control positions or positions of influence in leading North American and European middle market businesses at attractive values. The Opportunities Fund pursues a multi-strategy approach by investing in value oriented passive debt and equity securities in North America and Europe.

## ***B. Material Risks***

In order for the Firm to succeed on behalf of the Searchlight Funds, it must be able to identify potentially successful business enterprises, a process that is difficult even for those with extensive experience investing in such enterprises. Portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and may require substantial additional capital to support expansion or to achieve or maintain a competitive position. Investments in a Searchlight Fund are highly speculative, involve a high degree of risk and could result in the loss of part or all of an investor's capital contributions. Prospective investors should not invest in a Searchlight Fund unless they can bear such a loss. There can be no assurance that a Searchlight Fund's investment objectives will be achieved, and investment results may vary materially from one reporting period to the next. In addition, there will be occasions when the Firm and its affiliates may encounter potential conflicts of interest in connection with the Searchlight Funds. Consequently, investments in Searchlight Funds are suitable only for sophisticated investors capable of making an informed independent decision as to the risks involved in an investment. In addition to the risks set forth above, there are several additional risk factors to consider prior to making an investment in a Searchlight Fund including, but not limited to, the risk factors set forth in this Item 8.B and the risk factors disclosed to investors before they invest in any Searchlight Fund in the private offering materials and governing agreements for such Searchlight Fund. All investors are required to represent in their subscription materials that they have carefully read the risk factor disclosures and understand all such risks. Prospective investors are also advised in the offering materials that the risk factors and other investment considerations described therein are not necessarily a complete list or explanation of all risks involved and are advised to consult their own counsel and other advisors.

Without limiting (i) the foregoing, (ii) the disclosure set forth in the Searchlight Funds' private offering documents and governing agreements, and (iii) the acknowledgements made by investors in their subscription agreements or otherwise, the discussion below summarizes certain of the material risks associated with investments in the Searchlight Funds:

**Nature of Investment:** An investment in a Searchlight Fund requires a long-term commitment, with no certainty of return. Portfolio investments of a Searchlight Fund may not generate current income. Therefore, the return of capital and the realization of gains, if any, from a portfolio investment generally will occur upon the partial or complete realization or disposition of such portfolio investment. While a portfolio investment may be realized or disposed of at any time, it is generally expected that the ultimate

realization or disposition of most of a Searchlight Fund's portfolio investments will not occur for a number of years after such portfolio investments are made.

**Restrictions on Transfer and Withdrawal; Lack of Liquidity:** The interests in Searchlight Funds are not registered under the Securities Act or any other applicable securities laws and there will be no public or private market for the interests in Searchlight Funds and none is expected to develop. In addition, the interests in Searchlight Funds are not transferable and may not be encumbered.

**Prior Investment Performance Not Indicative of Future Results:** The performance of prior investments made by a Searchlight Fund or Searchlight's Principals or other investment professionals is not indicative of any Searchlight Fund's future results. On any given investment, total loss of the investment is possible.

**Investors Will Not Participate in Management of the Searchlight Funds:** Searchlight and the General Partners will have the exclusive responsibility for the Searchlight Fund's activities, including the management, day-to-day operations and investment and disposition decisions for the Searchlight Funds. Accordingly, investors in a Searchlight Fund will have almost no control over their investments in a Searchlight Fund and will not have the opportunity to approve investments made by a Searchlight Fund or to independently evaluate the information that will be utilized by Searchlight and the General Partners in the selection, management or disposition of investments.

**Dependence on Key Personnel:** The success of a Searchlight Fund depends in substantial part upon the skill and expertise of the Principals and other investment professionals of Searchlight. There can be no assurance that the Principals and other investment professionals will continue to be partners of or employed by the Searchlight. The loss of service to a Searchlight Fund of one or more the investment professionals could have a material adverse effect on the success of a Searchlight Fund.

**Effect of Fees and Expenses on Returns:** A Searchlight Fund will pay fees and will bear all expenses related to its operations. Such fees are expected to reduce the actual returns to investors in a Searchlight Fund. Most of the fees and expenses will be paid regardless of whether a Searchlight Fund produces positive investment returns.

**Indemnification:** Searchlight and its respective members, partners, shareholders, directors, officers, employees, agents and affiliates, will be entitled to indemnification from a Searchlight Fund, except in certain circumstances. The assets of a Searchlight Fund will be available to satisfy these indemnification obligations, and investors in a Searchlight Fund may be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of a Searchlight Fund.

**Failure to Make Capital Contributions:** If any investor in a Searchlight Fund fails to fund its subscription obligation or make required capital contributions when due, a Searchlight Fund's ability to complete its investment program or otherwise continue operations may be impaired and the investor may be subject to significant consequences.

**Regulatory Concerns:** Each Searchlight Fund is not required to, and does not intend to, register as an investment company under the Investment Company Act. Accordingly, certain provisions of the Investment Company Act (which may provide certain regulatory safeguards to investors) will not be applicable.

**Credit Facility:** The General Partner may establish one or more credit facilities for a Searchlight Fund with one or more financial institutions. Implementation and utilization of any credit facility may result in fees

and expenses to a Searchlight Fund. In addition, the Searchlight Funds may be required, in certain instances, to provide credit support in connection with the underlying portfolio investments' use of such Searchlight Fund's credit facility.

**Recourse to a Searchlight Fund's Assets:** A Searchlight Fund's assets, including any investments made by a Searchlight Fund and any capital held by a Searchlight Fund, are available to satisfy all liabilities and other obligations of a Searchlight Fund. If a Searchlight Fund itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to a Searchlight Fund's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

**Competitive Marketplace:** A Searchlight Fund will be competing with a significant number of private equity funds, as well as institutional investors and strategic investors, for investments in prospective portfolio companies. As a result of this competition, there can be no assurance that a Searchlight Fund will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its committed capital.

**Limited Number of Investments:** A Searchlight Fund may participate in a limited number of investments and, as a consequence, the aggregate return of a Searchlight Fund may be substantially affected by the unfavorable performance of a single investment.

**Minority Investments:** A Searchlight Fund may make minority equity investments or investments in debt securities in portfolio companies where the Searchlight Fund may not be able to protect its investment or to control or influence effectively the business or affairs of such entities to the same extent as it would in a controlled investment. As discussed above the Opportunities Fund's investment mandate is to make non-control investments and as a result returns in the Opportunities Fund may be impacted more frequently by decisions of majority equityholders of such investments, which may include actions that limit the Opportunities Funds from exiting minority positions on a timely basis.

**Leverage:** A Searchlight Fund's investments are expected to include companies whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Although Searchlight will seek to use leverage in a prudent manner, the leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the portfolio companies or their respective industry. Additionally, the securities acquired by a Searchlight Fund may be the most junior in what may be a complex capital structure and thus subject to the greatest risk of loss. In addition, the Opportunities Fund is expected to utilize leverage in the acquisition of portfolio investments, and accordingly, investors would not receive a preferred return accrual on such amount until such time as capital is actually called from investors.

**Hedging:** A Searchlight Fund may enter into purchase waps, forward contracts and other arrangements to seek to preserve a return on a particular investment or to seek to protect against currency fluctuations. Such transactions have special risks associated with them, including the possible default by the counterparty to the transaction and the illiquidity of the instrument acquired by a Searchlight Fund relating thereto. Although such transactions may reduce a Searchlight Fund's exposure to currency fluctuations or decreases in the value of investments, the costs associated with these arrangements may reduce the returns that a Searchlight Fund would have otherwise achieved if it had not entered into these transactions.

**Swaps:** Searchlight Funds may enter into swap agreements to facilitate its investment objectives and for hedging purposes. Swap agreements may be individually negotiated to include exposure to a variety of different types of investments or market factors. If a swap counterparty's creditworthiness declines, the value of the related swap agreement would likely decline, potentially resulting in losses to the Searchlight Funds. A significant factor in the performance of swap agreements is the change in the specific amounts of payments to and from a Searchlight Fund.

**Derivatives:** Searchlight Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, currencies or interest rates. Depending on how derivatives are used, they may increase or decrease the volatility of a Searchlight Fund's portfolio. Derivatives may have very high leverage embedded in them, which can substantially magnify market movements and result in losses greater than the amount of the investment. Some of the markets in which the Searchlight Funds may effect derivative transactions are over-the-counter or interdealer markets. Such markets may expose the Searchlight Funds to risks that a counterparty will not settle a transaction because of a credit or liquidity issue or because of disputes over terms of the contract.

**Bridge Financing:** A Searchlight Fund may provide bridge financing or investments in connection with one or more of its equity investments. A Searchlight Fund will bear the risk of any changes in capital markets that may adversely affect the ability of a portfolio company to refinance any bridge investments. If the portfolio company were unable to complete a refinancing, a Searchlight Fund could have a long-term investment in a junior debt security or a junior debt security that is convertible into equity.

**Nature of Distressed Investments:** Searchlight Funds may invest in debt obligations and other securities of distressed companies. These debt obligations and other securities will by their nature relate to companies in unstable financial condition and entail substantial inherent risks. Many of these companies likely will have significantly leveraged capital structures, making them highly sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry.

**Effects of Bankruptcy:** A Searchlight Fund may make investments in portfolio companies that are or may become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks that are faced in bankruptcy cases that must be factored into the investment decision include, for example, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, a Searchlight Fund could suffer a loss of all or a part of the value of its investment in a portfolio company. A bankruptcy filing may adversely and permanently affect a portfolio company. The portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value that was believed to exist prior to the making of the initial investment.

**Toehold Investments:** Searchlight Funds may accumulate minority positions in the outstanding voting stock, or securities convertible into the voting stock, of potential portfolio companies. While Searchlight Funds will generally seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions, or private placements, the Searchlight Funds may be unable to accumulate a sufficiently large position in a target company to execute its strategy.

**Risks In Effecting Operating Improvements:** In many cases, the success of a Searchlight Fund's investment strategy will depend, in part, on the ability of a Searchlight Fund to effect improvements in

the operations of a portfolio company. The activity of identifying and implementing potential operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Searchlight Fund will be able to successfully identify and implement such improvements.

**Investments in Debt Securities Generally:** Searchlight Funds may invest in debt securities and obligations which entail typical credit risks (i.e., the risk of non-payment of interest and principal) and market risks (i.e., the risk that interest rates and other factors will cause the value of the instrument to decline).

**Investments in Junior, Unsecured Securities:** Searchlight Funds may acquire securities which are junior, unsecured, equity or quasi-equity instruments. While this approach can facilitate obtaining control and then adding value through active management, it also means that the Searchlight Fund's positions will be unsecured. The ability of the Searchlight Funds to influence an issuer, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. Investments in junior, unsecured securities may be subject to early redemption features, refinancing options, prepayment options or other similar provisions, which, in each case, could result in the issuer repaying the principal on an obligation earlier than expected.

**Sub-Investment Grade and Unrated Debt Obligations:** Searchlight Funds investment strategy may result in investments in sub-investment grade securities, which are subject to greater risk of loss of principal and interest than higher-rated instruments. Because investors generally perceive that there are greater risks associated with non-investment grade instruments, yields and prices of such instruments may fluctuate more than those that are higher rated.

**Pay-In-Kind Bonds:** Searchlight Funds may invest in PIK bonds. PIK bonds pay interest through the issuance of additional debt or equity securities. These instruments realize no cash until the cash payment date, unless a portion of the instrument is sold. If the issuer defaults, the Searchlight Funds may obtain no return on its investment. Current U.S. federal tax law requires the holders of certain types of PIK bonds to accrue income with respect to these securities prior to the receipt of cash payments, which may result in the Searchlight Funds generating taxable income without cash needed to make distributions of such income to its investors.

**Preferred Stock and Other Equities:** Searchlight Funds may invest in preferred stock which may have characteristics of both debt and equity. Dividend payments to preferred stockholders may be suspended or cancelled if the issuer experiences liquidity difficulties and the principal paid for preferred stock is generally subordinate to the debt obligations of the issuer. Preferred stocks are not generally entitled to meaningful covenant protection. Some preferred stocks may be non-cumulative, which means that the issuer does not ever have to declare or pay dividends on the stock or make-up any missed dividends.

**Convertible Securities:** Searchlight Funds may invest in convertible securities. A convertible security is a bond, debenture, note, preferred stock or other security that may be converted for a prescribed amount into common stock or other equity security of an issuer. Convertible securities rank senior to common stock in a corporation's capital structure, but are typically subordinated to comparable non-convertible securities. Convertible securities may be subject to redemption at the option of the issuer at a price established in the convertible security's governing documents. The value of a convertible security will be influenced by its "conversion value", which is the market value of the underlying equity security that would be obtained if the convertible security was converted.

**Non-U.S. Investments:** Searchlight Funds may invest in portfolio companies organized and operating primarily in certain countries outside the United States. Such non-U.S. Investments may involve risks and

special considerations not typically associated with U.S. Investments. Such risks may include (i) the risk of nationalization or expropriation of assets or confiscatory taxation, (ii) social, economic and political uncertainty, including corruption, war and revolution, (iii) dependence on exports and the corresponding importance of international trade, (iv) price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets, (v) currency risks, including exchange rate fluctuations, devaluation and the costs of currency conversions, (vi) rates of inflation, (vii) controls on, and changes in controls on, foreign investment, limitations on repatriation of invested capital, proceeds from the sale of securities and other remittances, and on a Searchlight Fund's ability to exchange local currencies for U.S. dollars, (viii) governmental involvement in and control over such non-U.S. economies, (ix) governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies, (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers, (xi) less extensive regulation of the securities markets, (xii) longer settlement periods for securities transactions, (xiii) less developed corporate laws regarding fiduciary duties and the protection of investors, (xiv) adverse effects of local withholding and foreign tax requirements on repatriation of income from and investments in entities that are organized or domiciled in non-U.S. jurisdictions, (xv) less reliable judicial systems to enforce contracts and applicable law, (xvi) foreign restrictions and prohibitions on ownership of property by U.S. entities and changes in foreign laws relating thereto, and (xvii) incidents of terrorism.

**Reinvestment:** Under certain circumstances, proceeds distributable (or previously distributed) to the investors in a Searchlight Fund that constitute a return of capital contributions may be retained and reinvested (or recalled for reinvestment) by Searchlight or used (or recalled for use) by Searchlight for any other proper purpose. Accordingly, an investor may be required to fund for investments or expenses during the term of a Searchlight Fund an aggregate amount that significantly exceeds its capital commitment.

**Unspecified Use of Proceeds:** Investors in a Searchlight Fund do not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by a Searchlight Fund and, accordingly, will be dependent upon the judgment and ability of Searchlight in investing and managing the capital of a Searchlight Fund.

**General Economic Conditions; Market Dislocation:** U.S. and global market and economic conditions may decrease the demand for consumer products and may impact the Searchlight Funds' ability to, among other things: (a) make and dispose of investments on favorable terms, (b) access credit markets on favorable terms (or at all), and (c) attract co-investors and other counterparties to do business with the Searchlight Funds. There can be no assurance as to the future direction of national and global market and economic conditions.

**Risks Upon Dispositions of Investments:** In connection with the disposition of a portfolio investment, a Searchlight Fund may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. It may also be required to indemnify the purchasers of such investment to the extent that any such representation turns out to be inaccurate and in connection with such indemnification obligations may be required to holdback certain funds in escrow accounts for a period of time following such disposition. Any such escrowed funds will delay payment to a Searchlight Fund's investors, even if such investors are properly entitled to such amount. These arrangements may result in contingent liabilities of a Searchlight Fund, which might ultimately have to be funded by the investors in a Searchlight Fund to the extent that such contingent

liabilities exceed the reserves and other assets of a Searchlight Fund and the investors of a Searchlight Fund have received prior distributions from a Searchlight Fund.

**Distributions in Kind:** Although, under normal circumstances, a Searchlight Fund intends to make distributions in cash or in publicly traded securities, it is possible that under certain circumstances (including the liquidation of a Searchlight Fund) distributions may be made in kind and could consist of securities for which there is no readily available public market.

**Legal, Tax and Regulatory Risks:** During the term of a Searchlight Fund, legal, tax and regulatory changes could occur that may adversely affect a Searchlight Fund.

**Benefit Plan Investors:** Searchlight Funds are generally structured so that their underlying assets will not constitute assets of any plan subject to Title I of ERISA or Section 4975 of the United States Internal Revenue Code of 1986, as amended. This may restrict a Searchlight Fund's activities, preclude it from making certain investments, and require it to take actions that may expose the assets of the Searchlight Fund to claims or liabilities. Failure to structure a Searchlight Fund accordingly may also expose a Searchlight Fund to additional duties and liabilities under ERISA.

**General Tax Considerations:** Searchlight Funds are generally expected to be treated as pass-through vehicles for U.S. federal income tax purposes. Investments in Searchlight Funds give rise to a variety of complex U.S. federal income tax, non-U.S. income tax and other tax issues for both tax-exempt and non tax-exempt investors.

**Cyber Security Breaches and Identity Theft:** Information and technology systems of Searchlight, the General Partners and each Searchlight Fund's portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Searchlight, the General Partners, a Searchlight Fund and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Searchlight's, the General Partners', the Searchlight Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Searchlight's, the General Partners', the Funds' or a portfolio company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

**Investments with Co-Investors:** Searchlight Funds may co-invest in one or more investments with strategic investors, lenders, limited partners (or affiliates thereof) and/or other third parties through joint ventures or other entities, which parties in certain cases may have different interests or superior rights to those of the Searchlight Funds. The Searchlight Funds may not have control rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In addition, the Searchlight Funds' investments will be subject to typical risks in connection with third-party involvement, including the possibility that a third-party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Searchlight Funds, or may be in a position to take (or block) action in a manner contrary to the Searchlight Funds' investment objectives. The Searchlight Funds may also in certain circumstances be liable for the

actions of its third-party partners or co-investors. Investments made with third parties in joint ventures or other entities may involve carried interests or fees payable to such third-party partners or co-investors, thereby reducing the distributions to the Searchlight Funds. In addition, such co-investments may or may not be on substantially the same terms and conditions as the Searchlight Funds, and such different terms may be disadvantageous to the Searchlight Funds or to any investor participating directly or indirectly therein.

**Diverse Investor Group:** Searchlight Fund investors may have investment, tax or other interests that compete with or conflict with the interests of one or more of the Searchlight Funds, other investors in the Searchlight Funds, and/or the portfolio companies. Investors may also may be service providers to or counterparties of the Searchlight Funds and their portfolio companies. The General Partners manage the Searchlight Funds based on the particular Searchlight Fund's overall investment objectives, not the objectives of individual investors. Conflicts of interest may arise in connection with decisions made by the General Partners, including with respect to the nature or structuring of investments or dispositions, that may be more beneficial for one investor, Searchlight Fund and/or portfolio company than for another investor, Searchlight Fund and/or portfolio company.

**Potential Conflicts of Interest:** There will be occasions when Searchlight and its affiliates may encounter potential conflicts of interest in connection with Searchlight Funds. Such conflicts may include, but are not limited to, the following:

- The existence of "carried interest," which is discussed further in Item 6 above.
- A General Partner may engage in transactions on behalf of a Searchlight Fund with Searchlight or its affiliates (for example, Searchlight or its affiliates may receive certain fees for services rendered to, or in connection with, a particular investment).
- Searchlight, a General Partner or one or more of its affiliates may elect to co-invest alongside the Searchlight Fund's or may offer co-investment opportunities to third parties, including other investors who have preexisting investments with other Searchlight Funds or Searchlight affiliates on different terms.
- Searchlight personnel generally devote time to multiple Searchlight Funds, Searchlight investment vehicles and activities of other Searchlight affiliates, and certain other permitted activities as further described in the governing agreement of the applicable Searchlight Fund.
- Searchlight Funds may on occasion engage in certain affiliated or interested transactions, as further discussed in Item 11 below.
- As further discussed in Item 10.C below, Searchlight may be presented from time to time with investment opportunities that meet the investment objectives of one or more Searchlight Funds and/or other Searchlight-advised investment vehicles.

Conflicts of interest, and the methods Searchlight and its supervised persons utilize to address these conflicts, are generally disclosed to investors in each applicable Searchlight Fund's governing agreements before they invest.

To address conflicts of interest such as those described above, Searchlight investment professionals prepare an investment memorandum for each new investment opportunity or other transaction.

Searchlight's Chief Compliance Officer reviews these investment memoranda. If the Chief Compliance Officer identifies any actual or potential conflicts of interest, the Chief Compliance Officer reviews the actual or potential conflicts with the Principal and outside legal counsel, if deemed appropriate, in order to recommend courses of action to the Principals.

In addition, the governing agreements for the Searchlight Funds generally contain specified procedures to address certain conflicts of interests. These procedures may include (i) requiring a Searchlight Fund general partner take certain actions to mitigate the conflict of interest, or (ii) referring a conflict of interest transaction to a Searchlight Fund's investor advisory committee for approval. A Searchlight Fund's investor advisory committee is typically comprised of representatives of investors in the applicable Searchlight Fund and is typically authorized to grant consents on behalf of the Searchlight Fund.

**C. *Recommendations of Particular Securities***

Please see Items 8.A and 8.B for risks associated with investments in the Searchlight Funds. In addition, prospective investors in Searchlight Funds are provided with more detailed information about risks before they invest in any Searchlight Fund in the private offering materials and governing agreements for such Searchlight Fund.

**ITEM 9 - DISCIPLINARY INFORMATION**

Searchlight is not aware, after having conducted due diligence on the Firm and its management persons, of any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Searchlight's advisory business or the integrity of its management.

**ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**A. *Broker-Dealers***

Neither Searchlight nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. *Futures and Commodity Trading***

Neither Searchlight nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C. *Material Relationships***

Searchlight, the General Partners and their respective affiliates form Searchlight Funds to make investments in portfolio companies as described in Items 4 and 8. Searchlight provides investment management services to such Searchlight Funds, and the General Partners, which are affiliates of Searchlight, serve as the general partners of the Searchlight Funds. These relationships and related management or other fees are disclosed in the private offering materials in connection with the launch of such Searchlight Funds.

Searchlight seeks to allocate investment opportunities among the Searchlight Funds in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, risk tolerance, return

targets, permissible and preferred asset classes and liquidity needs of each Searchlight Fund. In addition, certain Searchlight Fund governing agreements prescribe additional requirements for the allocation of investment opportunities, which will be disclosed to investors prior to their investment in such Searchlight Fund. Under no circumstances may Searchlight or any affiliate allocate investment opportunities based on anticipated compensation or profits to Searchlight, the General Partner, any affiliates or their respective employees. Each Searchlight Fund has its own investment guidelines, charter and organizational documents that are taken into account when making investment allocation determinations.

Each of the General Partners are related persons to Searchlight. The General Partners are directly or indirectly controlled by the same individuals who also indirectly control Searchlight. As previously described, because the General Partners may receive a “carried interest” or performance fee, there may be an incentive for the General Partner and Searchlight to make riskier or more speculative investments on behalf of the Searchlight Funds than would be the case in the absence of these arrangements. These potential conflicts of interest are addressed in the manner described in Item 11.

As noted in Item 6 “Performance-Based Fees and Side by Side Management”, Searchlight and its affiliates may raise co-investment funds or establish co-investment vehicles, and the existence of, and participation by Searchlight and its affiliates in, such funds and vehicles may create conflicts of interest.

***D. Recommendation or Selection of Other Investment Advisers***

Searchlight does not recommend or select other investment advisers for its clients, nor does it receive compensation directly or indirectly from any such advisers.

**ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

***A. Code of Ethics***

Searchlight has implemented a code of ethics (the “Code of Ethics”) which includes guidelines, policies and procedures to avoid any appearance of impropriety and remain in full compliance with applicable U.S. federal securities laws, the applicable securities laws of any other applicable jurisdiction and the highest standards of ethics. The Code of Ethics addresses, amongst other items, the detailed policies to mitigate insider trading and conflicts of interest. Searchlight will provide a copy of its Code of Ethics to any client or prospective client upon request.

In general, the Code of Ethics requires Searchlight’s employees to:

- Place the interests of the Searchlight Funds above any personal interests;
- Seek to identify conflicts of interest and observe established resolution procedures as contemplated in the Code of Ethics and Searchlight’s Compliance Manual;
- Avoid misleading or inaccurate statements that may be attributed to Searchlight;
- Conduct personal securities transactions in a manner consistent with Searchlight’s Code of Ethics (including pre-clearance (if applicable) and reporting of transactions by all “access persons” to the extent described therein);

- Report any violations of Searchlight's Code of Ethics, or Searchlight's Compliance Manual generally, to its Chief Compliance Officer; and
- Comply with Searchlight's Code of Ethics, its Compliance Manual, and applicable provisions of the federal securities laws as well as any other laws applicable to Searchlight.

See Items 11.C and 11.D below for further details regarding Searchlight's Code of Ethics.

Searchlight's policies and procedures for addressing conflicts of interest generally are also described in more detail at Item 8 above.

***B. Participation or Interest in Client Transactions***

Searchlight provides ongoing portfolio management services for the Searchlight Funds. Searchlight's investment professionals are responsible for monitoring and managing each respective Searchlight Fund's investment portfolio in accordance with the particular Searchlight Fund's investment objectives, limitations, and guidelines, and as set forth in the Searchlight Fund's governing agreements. In addition, the General Partners and their respective affiliates typically invest in each Searchlight Fund or alongside each Searchlight Fund in connection with making of portfolio investments.

Searchlight is subject to restrictions disclosed to investors in the applicable Searchlight Fund offering materials and governing agreements relating to principal transactions, cross trades and other affiliated transactions, in which Searchlight or its affiliates or employees may have interests that are adverse to, or in any event potentially not aligned with, the interests of one or more of the Searchlight Funds.

The governing agreement of each Searchlight Fund will generally prohibit affiliated transactions with certain limited exceptions without the prior approval of either the investor advisory committee of the applicable Searchlight Fund or the investors of the applicable Searchlight Fund. A Searchlight Fund may enter into an affiliated transaction if the transaction complies with the governing agreement of the particular Searchlight Fund and if the Searchlight Fund consults with the Chief Compliance Officer (and, if appropriate, outside legal counsel) prior to entering into such transaction.

To address any potential conflicts of interest, Searchlight investment professionals prepare an investment memorandum for each new investment opportunity or other transaction. The Chief Compliance Officer, together with the Principals, reviews these investment memoranda. If the Chief Compliance Officer identifies any actual or potential conflicts of interest, the Chief Compliance Officer reviews the actual or potential conflicts with the Principals and/or outside legal counsel, if deemed appropriate, in order to recommend courses of action to the Principals. The Principals will then determine the specific actions to be taken in accordance with the Code of Ethics and the governing agreements of the applicable Searchlight Fund.

Searchlight serves as investment manager to certain co-invest vehicles that invest alongside the Funds in certain portfolio companies. Such co-investment vehicles generally acquire and dispose of their investments at the same time and on the same terms as the Funds, subject to any applicable limitations in the governing agreement of the applicable Fund. However, from time to time, for strategic and other reasons, a co-investment vehicle may purchase a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio company. Any such purchase from a Fund by a co-investment vehicle generally would occur shortly after the Fund's completion of the investment (also known as a post-closing sell down or transfer) to avoid any changes in the valuation of the investment.

The participants in the co-investment vehicle (other than the Funds) may be charged interest on the purchase to compensate the applicable Funds for the applicable holding period. If a potential investment or co-investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment will typically be borne entirely by the primary Fund or Funds allocated such investment rather than the co-invest vehicle or other co-investor. In addition, investors that participate in co-investments may be in a position to obtain additional information about a portfolio company that is not available to a PE Fund or Opportunities Fund investor.

Searchlight may permit a General Partner, one or more of its affiliates, its personnel or any third parties, including other investors who have preexisting investments with other Searchlight Funds or Searchlight affiliates on different terms, to participate in the co-investment vehicles or, in certain cases, co-invest directly in a particular portfolio company. Generally, Searchlight will select which investors or other persons are permitted to co-invest based on various factors, including (but not limited to) the sophistication of the investor, the ability of the investor to fund and complete the investment on a timely basis, the investor's expression of interest or right to co-invest granted by such investor's side letter arrangement, potential strategic benefit to the portfolio company if such investor participates, and any other reason for including such investor or person determined by Searchlight in its sole discretion. The Advisers' exercise of discretion in allocating investment opportunities may not, and often will not, result in proportional allocations among investors that have expressed interest in co-invest opportunities, and such allocations will likely be more or less advantageous to some such investors relative to other such investors.

In circumstances where an entire investment could be made by a Fund, Searchlight may still allocate a portion of such investment to one or more co-invest vehicles in accordance with such Fund's governing agreement and Searchlight's allocation.

### ***C. Personal Trading***

Conflicts of interest may arise between a Searchlight Fund and Searchlight when Searchlight or a related person invests in the same securities that it recommends to Searchlight Funds, or has another interest in a transaction that is, or may be, in conflict with the interest of any of the Searchlight Funds.

Searchlight employees may have personal conflicts of interest, such as (i) a material interest in a transaction to be entered into with or for a Searchlight Fund, (ii) a relationship that gives or may give rise to a conflict of interest in relation to a transaction, or (iii) another interest in a transaction that is, or may be, in conflict with the interest of any Searchlight Funds.

To address these conflicts, Searchlight's Code of Ethics (discussed in Item 11.A above) requires, among other things, that each Searchlight employee submit to the Chief Compliance Officer a report of his or her current holdings of certain securities described in the Code Ethics. Each Searchlight employee must update this report annually. In addition, Searchlight employees must submit to the Chief Compliance Officer quarterly reports of transactions involving certain securities described in the Code Ethics.

The Code of Ethics also requires that all Searchlight employees obtain the approval of the Chief Compliance Officer before participating in certain initial public offerings or private transactions (*e.g.*, private placements and limited offerings). The Chief Compliance Officer review such reports and monitors employees' personal securities trading for unusual or excessive trading patterns.

**D. *Personal Trading Contemporaneous with Client Transactions***

Conflicts of interest may arise when Searchlight (or a related person) or its employees buy or sell securities for client accounts at or about the same time as it buys or sells the same securities for its own account. In these situations, Searchlight addresses actual or potential conflicts of interest in the manner outlined in Items 11.B and 11.C above.

Employees are generally not permitted to buy or sell any security (or cause another person to do so) if the employee is in possession of “material” non-public information relating to the issuer or the transaction. Employees also may not disclose this information to a third party to use in securities transactions. In general, “material” information means information that would reasonably affect, or have a significant impact on, an investor’s decision to buy or sell a security, or information that would have been viewed by a reasonable investor as having significantly altered the “total mix” of information available.

Since Searchlight and/or its affiliates may be reimbursed for certain compensation and other fees and expenses that relate to the employment of certain expected portfolio company employees (as described under “Fees and Compensation”), they could have a conflict of interest in connection with the applicable Fund’s initial investment in such portfolio company and the resulting reimbursement of such amounts. In addition, as a result of the Searchlight Funds’ interests in certain portfolio companies, Searchlight and its affiliates may have the right (i) to appoint, or to influence the appointment of, board members to such portfolio companies, (ii) to retain, or influence the retention of, certain persons to serve as employees or independent consultants (including consultants introduced or arranged by Searchlight and/or its affiliates that may regularly provide services to one or more Fund portfolio companies) of a portfolio company and (iii) to determine or influence a determination of the compensation for such board member, employee or consultant. In addition, compensation and fees paid to such consultants or expense reimbursements received by such persons from portfolio companies (or from a Searchlight Fund to the extent not paid or reimbursed by a portfolio company) will not offset the management fee or priority profit share as described herein.

Principals and employees of Searchlight may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of a Searchlight Fund, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual’s duties as an employee of Searchlight and such individual’s duties as a director of such portfolio company.

**ITEM 12 - BROKERAGE PRACTICES**

**A. *Selection of Broker-Dealers***

Given the nature of the PE Funds’ investment program, Searchlight does not usually transact through broker-dealers with respect to investments made by the PE Fund. The Opportunities Fund may use broker-dealers in order to transact with respect to certain of its investments. In situations where Searchlight may need to select a broker-dealer, Searchlight will consider the broker’s execution capabilities, including block positioning, research, financial stability, ability to maintain confidentiality, delivery and ability to obtain best execution for all client securities transactions. Searchlight does not have any agreements in place that require that Searchlight give any specified amount of brokerage to any broker-dealer.

### **1. Research and Other Soft Dollar Benefits**

In practice, the investment program of the Searchlight Funds managed by Searchlight typically does not include substantial investments in publicly traded securities. As a result, it is Searchlight's policy not to enter into soft dollar arrangements or to accept soft dollars.

### **2. Brokerage for Client Referrals**

Searchlight does not consider whether it or a related person receives client referrals from a broker-dealer or a third party when selecting or recommending broker-dealers.

### **3. Directed Brokerage**

Given that Searchlight or its affiliates generally maintain investment discretion on behalf of the Searchlight Funds, Searchlight can generally require the Searchlight Funds to use a specified broker-dealer.

#### ***B. Aggregation of Orders of Securities for Client Accounts***

Although the investments of the Searchlight Funds do not generally require the services of a broker-dealer, Searchlight may seek to aggregate orders of securities for the accounts of the Searchlight Funds where practicable.

## **ITEM 13 - REVIEW OF ACCOUNTS**

#### ***A. Periodic Review of Client Accounts***

The portfolio investments of the Searchlight Funds are reviewed by the Principals and Searchlight's other investment professionals on a quarterly basis. These investment professionals monitor operations, overall performance, financial performance and strategic direction of each portfolio investment owned by the Searchlight Funds. Searchlight's investment professionals also perform periodic comprehensive reviews. In addition, the Principals and the other investment professionals of Searchlight meet on a regular basis. In connection with their regular meetings, the Principals and the other investment professionals will, among other things, (i) review market events and their effect on investments; (ii) discuss investment ideas, economic developments, current events, investment strategies and issues related to portfolio companies; (iii) review the operations, financial condition and other matters regarding the portfolio companies; (iv) consider any departures from applicable investment guidelines; and (v) assess any proposed investments or divestments, in whole or in part, of any portfolio companies. The offering materials for each Searchlight Fund contain additional specific descriptions of the oversight and monitoring of the portfolio investments of such Searchlight Fund.

#### ***B. Factors that Trigger a Review of Client Accounts***

Searchlight investment professionals review the portfolio investments of Searchlight Funds on a periodic basis as described above. There are no specific triggers to launch a portfolio review.

#### ***C. Reports to Clients Regarding Their Accounts***

Searchlight delivers written financial reports to the investors in Searchlight Funds on a quarterly basis. These reports include information relevant to the Searchlight Fund's investments (and each investor's

investment in such Searchlight Fund). In addition, the investors in Searchlight Funds receive written audited annual financial statements of the applicable Searchlight Fund.

In addition to the information typically provided to all investors, Searchlight may in certain circumstances provide certain investors with additional information with respect to a Fund or a portfolio company or more frequent reports that other investors will not necessarily receive.

#### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

##### ***A. Client Referrals***

Searchlight does not accept economic benefits from a person who is not a client for providing investment advice or other advisory services to the Searchlight Funds. Searchlight or its affiliates may receive directors' fees, monitoring fees, transaction fees, topping and break-up fees, advisory fees, organizational fees or other fees in connection with portfolio investments or prospective portfolio investments of a Searchlight Fund. Typically, a portion of the Management Fees payable by each investor in a Searchlight Fund will be reduced (but not below zero) by its pro rata share of other fees received by Searchlight or its affiliates (Senior Advisors are not affiliates) in connection with portfolio investments or prospective portfolio investments of a Searchlight Fund, subject to reimbursement first of the General Partners or their respective affiliates for any balance of unreimbursed Fund expenses paid by the General Partner or such affiliates. Vehicles that do not pay management fees do not receive the benefit of such offset provisions or otherwise share in such fee income.

##### ***B. Compensation for Client Referrals***

Searchlight and its related persons do not directly or indirectly compensate any person who is not a supervised person for client referrals. Searchlight or its affiliates may, from time to time, enter into arrangements in which persons who are not supervised persons (such as placement agents or financial advisors) assist in the capital-raising efforts of a Searchlight Fund in exchange for a fee. The fee paid, if any, to such persons may be calculated as a percentage of funds raised by such persons, as specifically negotiated between Searchlight and each such person or a flat fee. These relationships could affect the independence of such person in connection with their recommendations of a particular Searchlight Fund. Neither Searchlight nor its affiliates engage any placement agent or finder that is not registered as a broker-dealer with the SEC and a member of FINRA (or, if applicable, corresponding non-U.S. authorities). These types of arrangements are disclosed in the relevant Searchlight Fund offering materials.

#### **ITEM 15 - CUSTODY**

To the extent required by SEC rules and guidance, Searchlight maintains any client funds and securities with "qualified custodians."

For those Searchlight Funds for which Searchlight is deemed to have custody of client assets within the meaning of the Advisers Act, such Searchlight Funds are audited and the investors in such Searchlight Funds receive audited financial statements within 120 days of the end of each fiscal year. Consequently, such clients (as well as investors therein) will not receive reports directly from Searchlight's "qualified custodian."

## **ITEM 16 - INVESTMENT DISCRETION**

Searchlight has discretionary authority to manage the investment portfolios of each of the Searchlight Funds. This authority is limited by each Searchlight Fund's governing agreements and investment guidelines, as specifically negotiated between Searchlight and Searchlight Fund investors. For additional discussion of limitations clients may impose on investing in certain investments or types of investments, see Item 4.C above.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### ***A. Authority to Vote Client Securities***

Searchlight has policies and procedures that Searchlight believes are reasonably designed to ensure that proxies are voted in the best interests of Searchlight Funds and to recognize and resolve any material conflicts of interest that may arise in the course of such voting. The general policy of Searchlight is to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies") relating to Searchlight Funds in a manner that serves the best interest of the Searchlight Fund, as determined by Searchlight in its discretion, and Searchlight's Code of Ethics, taking into account relevant factors, such as (but not limited to) the impact on the value of the returns of the relevant Searchlight Fund and industry and business practice.

If Searchlight determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Searchlight will take action in accordance with the governing agreements of the applicable Searchlight Fund or as otherwise determined by Searchlight to be in the best interest of the Searchlight Fund in voting such proxy.

The Chief Compliance Officer is responsible for identifying any potential conflict of interest for each proxy, and reporting this information to the managing members of Searchlight. The managing members of Searchlight are responsible for determining how to vote such proxies and whether to confer with the advisory committee of an applicable Searchlight Fund before voting.

The Chief Compliance Officer is responsible for monitoring compliance with Searchlight's proxy voting policies and procedures. The Chief Compliance Officer will also maintain, or have available, written or electronic copies of each proxy statement received and of each executed proxy, as well as all applicable records relating to each proxy. Additional information about Searchlight's proxy voting policies and procedures may be obtained from the CCO.

Because Searchlight has authority to vote client securities, Item 17.B of Form ADV Part 2A (addressing considerations if an adviser does not have authority to vote client securities) has been omitted.

## **ITEM 18 - FINANCIAL INFORMATION**

### ***A. Balance Sheet***

Not applicable.

***B. Financial Conditions Likely to Impair Contractual Commitments***

Searchlight is unaware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.

***C. Bankruptcy Petitions***

Searchlight has not been the subject of a bankruptcy petition at any time during the past ten years.