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This brochure (the “Brochure”) provides information about the qualifications and business practices of Advent International Corporation (“Advent”). If you have any questions about the contents of this Brochure, please contact us at (617) 951-9400. 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.

Advent is registered as an investment adviser with the SEC. Registration with the SEC does not imply a certain level of skill or training.

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

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## **Item 2 – Material Changes**

Not applicable.

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### Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes.....	2
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	8
Item 6 – Performance-Based Fees and Side-By-Side Management .....	10
Item 7 – Types of Clients .....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9 – Disciplinary Information .....	27
Item 10 – Other Financial Industry Activities and Affiliations .....	28
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	30
Item 12 – Brokerage Practices .....	35
Item 13 – Review of Accounts .....	36
Item 14 – Client Referrals and Other Compensation .....	37
Item 15 – Custody.....	37
Item 16 – Investment Discretion.....	37
Item 17 – Voting Client Securities .....	38
Item 18 – Financial Information.....	38

## **Item 4 – Advisory Business**

Advent is a global private equity organization, with subsidiaries and affiliated entities operating from offices on four continents and employing over 190 investment professionals. Advent exercises discretionary authority in providing advisory services to its clients, which are private limited partnerships or other entities (the “Funds” or the “Clients”) primarily within two investment programs (which are referred to in this Brochure as the “Investment Programs”): the Global Private Equity Program, which invests primarily in Europe and North America; and the Latin American Program, which invests primarily in Latin America. Advent also manages a limited number of investments from its Advent Central & Eastern Europe Program, a regional buyout program that was focused on Central and Eastern Europe. Following the expiration of the investment period for the most recent Fund in the Advent Central & Eastern Europe Program, Advent began evaluating new investments in Central and Eastern Europe through the Global Private Equity Program as part of its global sector-focused approach. The Funds make investments in securities of growth oriented privately held companies and, to a limited extent, also invest in publicly held companies.

Advent has been in business since 1984.

### **A. Advisory Services**

#### **Sourcing Investments**

Providing services in the private equity business requires a significant amount of time and resources dedicated to identifying companies that may offer securities suitable for investment by the Funds, a process often referred to as “deal sourcing.” Advent has a well-established process for deal sourcing that has been developed based on years of experience. Deals are sourced in a number of different ways, including business and professional contacts, investment banks, accounting firms, other private equity firms, cold calls and trade publications. Advent also has a network of operating partners, operations advisors, industry and deal advisors and certain other third party consultants (collectively, “Independent Advisors”) who are available in a contractual advisory capacity to assist with deal sourcing. Business proposals are also submitted directly to Advent from companies looking for capital. To source deals, Advent’s investment professionals receive and screen business plans, visit companies, meet with entrepreneurs and management teams, attend trade shows and conferences, research industries and technologies, review publications and engage in many other related activities.

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## **Due Diligence and Evaluation of Investments**

Potential investment opportunities are subjected to a rigorous due diligence process by Advent's investment staff. Independent Advisors may also assist in conducting due diligence. Due diligence procedures typically include financial and market analysis, research on the business sector and region, reference checks on management and evaluating markets for product offerings. Before an investment is made, it is evaluated by Advent for suitability and must be approved by the investment committee for the relevant Investment Program. This evaluation includes research on the company, its market and competition, a detailed financial and exit analysis, deal structuring, a review of management and employees, environmental studies where appropriate and other technical analysis. Determining and negotiating the financial structure of these investments is a significant component of the value added by Advent for the Funds as it impacts the financial returns on the investment. Investments can be structured as majority or minority equity positions, growth buy-outs, traditional leveraged buyouts, mezzanine financings, recapitalizations or acquisitions.

## **Ongoing Management of Investments**

Throughout the life of a Fund's investment in a company, Advent is committed to building the company into a successful business. Advent and its representatives generally take an active role on behalf of the Funds, which are typically represented on the boards of directors of the companies in which they invest. Advent's approach often involves working extensively with portfolio company management to accelerate growth and create value through operational improvements, strategic repositioning and market expansion, domestically and internationally. Many of Advent's investment professionals have operating or strategic consulting backgrounds. In addition to the role of Advent's investment professionals, Advent may provide companies in which its Funds invest with management or operating personnel or other management or consulting services ("Business Services") and access to its Portfolio Support Group, which can provide operational support to management in their development and execution of their business plans. The Portfolio Support Group is an in-house Advent team of professionals with operational experience who bring tools and temporary resources to help drive operating improvements at portfolio companies. To complement its in-house capabilities, Independent Advisors may also work to support the growth of businesses in which the Funds invest. Operating partners are senior industry executives, typically former CEOs, who work with Advent on a consulting basis in specific sectors to find attractive investment opportunities, conduct due diligence and create and drive value creation plans for portfolio companies often as portfolio company executives or active board members. Operations advisors are functional experts who work with

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portfolio companies to enable growth in areas such as IT, HR and finance. Other Independent Advisors are also senior industry executives, but are typically engaged as consultants on more of an ad hoc, shorter-term basis. Advent's involvement with portfolio companies through its investment professionals, Portfolio Support Group, and third-party Independent Advisors allows it to:

- Build a board of directors that has strong operational expertise, from outsiders as well as Advent partners, and governs actively;
- Develop detailed strategic and operating plans and track progress against milestones, while providing the important, but more traditional, financial input;
- Enhance, upgrade or change a management team when appropriate; and
- Manage or drive projects on behalf of the portfolio company such as entering new markets or executing an acquisition or exit program.

Additionally, Advent believes that international reach and outlook are critical to success in an increasingly global marketplace. Many of Advent's investments take advantage of cross-border opportunities. Advent's international platform enables it to help a company in areas such as addressing new markets, channel development, offshore manufacturing, business alliances, technology and product sourcing, and cross-border acquisitions and divestitures. It also enhances Advent's ability to identify trends from outside a company's country of origin that may create new opportunities to generate value, even for a single-country business.

### **Operating Partners and Other Independent Advisors**

Advent's operating partners and other Independent Advisors (who are not partners or employees of Advent or its affiliates but rather consultants engaged by Advent, the Funds or their portfolio companies to provide advisory and other services from time to time) are often involved in both pre-and post-investment activities relating to portfolio companies. For potential portfolio investments they may assist in finding investment opportunities, conducting due diligence, validating the operational improvement potential, evaluating portfolio company management and providing additional assistance through their industry contacts. After a portfolio investment is made, Independent Advisors often work closely with management of the portfolio company to provide industry expertise and experience and to implement the value-creation plan constructed for the business. In addition, Independent Advisors may provide functional expertise to portfolio companies to drive certain transformative initiatives. It is also common for Independent Advisors to be hired by a portfolio company in a senior executive capacity or to serve on the portfolio company's board of directors after the portfolio investment is made.

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The source of payment to Independent Advisors (which can include per diem and retainer as well as investment and/or exit success fees) depends on the services being provided. For example, if an Independent Advisor provides general industry or other non-portfolio company specific information to Advent, Advent pays any associated costs. If an Independent Advisor provides services specific to a current or prospective portfolio company of a Fund, the Fund pays its pro rata share of those costs, as provided in the Fund's partnership agreement. In many cases when an Independent Advisor is involved in the investment in a portfolio company it is expected that he or she will be retained by the portfolio company in a management role if the investment is made by an Advent-managed fund. If an Independent Advisor is elected or appointed to, or hired for, an executive, board or other position with a portfolio company (such as Chairman or CEO), the portfolio company pays any related compensation directly to such Independent Advisor just as it would to any other person holding such position. An Independent Advisor may also participate in the portfolio company's applicable management stock or option plans. Because Independent Advisors are not Advent employees, cash or stock compensation paid to them by prospective or current portfolio companies is not offset against the management fees paid to Advent by the Funds that invest in those portfolio companies. In addition, Independent Advisors may be permitted to invest in Advent-managed co-investment funds (refer to Item 5 of this Brochure) or alongside the Funds in one or more portfolio companies.

### **Exiting Investments**

Depending on the investment focus or strategy of a Fund, Advent will typically seek to exit an investment within three to five years after the initial investment, although exiting may take shorter or longer. Throughout the life of the investment, the exit strategy is always a priority. The exit strategy can vary for different companies and markets and may involve managing toward an IPO, a trade sale of the company or the sale of a Fund's stake in the company to another party, be it another financial investor or a strategic investor. Advent can assist the portfolio company in completing its initial public offering on a local or overseas stock exchange, or if the exit will be through a private sale, work with the management team to identify the right buyer and negotiate suitable terms. Advent builds businesses for continued success beyond its investment period and the exit process is part of that responsibility.

### **B. Investment Criteria of the Funds**

The Funds in each Investment Program have specific investment criteria as well as investment restrictions and limitations. In connection with investing in a new Fund, investors in that Fund may request that it have specific investment limitations or restrictions that are designed to address the investors' particular legal, tax, investment or other

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objectives. Examples of these types of restrictions include prohibitions on investing in companies located in a particular country or a limitation on how much capital may be invested in a single company. Refer to Item 8 of this Brochure, for a description of the general investment strategy followed by Advent's different Investment Programs.

### **C. Assets Under Management**

As of December 31, 2018, Advent managed \$35,901,584,839 of Client assets on a discretionary basis. Advent does not manage Client assets on a non-discretionary basis. Advent's assets under management as of December 31, 2017 includes uncalled capital commitments of the Funds and is calculated for those Funds that have capital commitments or investments denominated in a currency other than U.S. dollars based on the applicable exchange rate on December 31, 2018.

### **Item 5 – Fees and Compensation**

Advent typically charges management fees to the Funds for its advisory services and also receives performance-based compensation from certain Funds as described in Item 6 of this Brochure. The amount and terms of payment of the management fees and performance-based compensation charged to each Fund are determined through negotiations with the investors of that Fund at the Fund's inception. Management fees and performance-based compensation are automatically paid directly by the Funds under the terms of their limited partnership agreements, investment advisory agreements or other similar agreements.

Generally, the management fees range from 1.5% to 2% of the total capital committed to the Fund by investors. For some Funds, the management fee may be waived for a specified period of time. For most Funds, after the investment period of the Fund the management fees are based on a percentage of invested capital with certain adjustments for investments that are disposed of or written off on the Fund's books. For some Funds the percentage amount of the management fee also will reduce after the investment period. In some cases the adjustment to the amount upon which the management fees are based or the percentage amount of the management fee can occur earlier if certain events happen before the end of the Fund's investment period. The payment schedule for management fees varies by Fund. Typically management fees are paid quarterly in advance. When a Fund is terminated or the formula for calculating the management fees payable by a Fund is adjusted, the management fees will be prorated for the relevant period and, if management fees have been prepaid, a portion of the previously paid management fee may be returned to the Fund. Management fees charged by Advent to a Fund are typically subject to reduction for a Fund's organizational expenses, to the extent they exceed certain limits set forth in the partnership



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agreement of that Fund, and a negotiated percentage (up to 100%) of any net transaction fees, deal monitoring fees, break-up fees and directors' fees received by Advent or its affiliates with respect to that Fund's investments.

Advent has established special purpose Funds that are used for the purpose of enabling its eligible professionals and certain Independent Advisors to co-invest in the same investments made by other Funds. The obligation or right of such special Funds, which, in the case of the funds established for Advent's eligible professionals, are referred to in this Brochure as "Employee Funds" and, in the case of the funds established for Advent's Independent Advisors, are referred to in this Brochure as "IA Funds", to co-invest and the minimum and maximum total commitments of the Employee Funds' that may be used for co-investment are typically specified in the partnership agreement or other documents of the Fund with which they co-invest. In order to encourage participation by eligible professionals and certain Independent Advisors, neither Employee Funds nor IA Funds are typically charged management fees or performance-based compensation. Advent believes participation in Employee Funds and IA Funds is important because it helps to align the interests of Advent's professionals and Independent Advisors more closely with those of its Funds.

When investors commit to invest in a Fund, they will sometimes request that Advent consider them for future co-investment opportunities. If Advent determines that a co-investment opportunity is available, it may admit those investors for which Advent determines the co-investment is appropriate to a special purpose Fund for the purpose of making that co-investment (the "Co-Investment Funds"). Co-Investment Funds may be charged lower or no management fees, performance-based compensation or administrative fees. Whether or not any fees or other compensation are paid by a Co-Investment Fund, and the amount and payment terms, depends on the circumstances of the investment made by the Co-Investment Fund and is negotiated with investors in the Co-Investment Fund at the Co-Investment Fund's inception. Co-Investment Funds are typically responsible for paying all expenses relating to their formation and ongoing operations, as well as their share of expenses relating to making, managing or disposing of investments, except that certain Co-Investment Funds are not required to pay certain expenses or fees, such as reverse termination fees, extraordinary expenses such as litigation costs and judgements or broken deal expenses or fees, in the event that the proposed investment for the Co-Investment Fund is not consummated.

In addition to the Funds paying management fees and performance-based compensation, the Funds and the companies in which they invest also pay or reimburse Advent or its affiliates for expenses relating to the Funds' formation and fundraisings activities, the making, managing or disposing of their investments, ongoing operations of the Funds, and fees,

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compensation and expenses of Independent Advisors and other third party consultants, including any third party brokerage fees incurred in connection with transactions in securities owned by the Funds. (Refer to Item 12 of this Brochure for a description of Advent's brokerage practices.) In some cases portfolio companies may also pay transaction fees, deal monitoring fees, break-up fees, directors' fees or fees for Business Services. The partnership agreements of certain Funds permit Advent or its affiliates to retain any fees received by them for providing Business Services, often subject to certain caps, which if exceeded will generally result in a reduction of the management fees otherwise payable to Advent. The terms of the partnership agreements of the Funds generally provide that the management fees otherwise payable by a Fund will be reduced by a negotiated percentage (up to 100%) of the Fund's pro rata share of any Business Service fees in excess of the cap, transaction fees, deal monitoring fees, break-up fees and directors' fees received by Advent or its affiliates based on the invested capital of such Fund. The pro rata portion of such fees allocable to a fund that does not pay management fees (including, but not limited to, a Co-Investment Fund, Employee Fund or IA Fund) will be retained by Advent. As such, any Fund receiving a reduction in management fees will only receive such reduction as it applies to its pro-rata portion of the total fees charged that will be offset. In addition, the Funds' portfolio companies may engage Independent Advisors to, among other things, serve in a senior executive capacity or to serve on the portfolio company's board of directors. Compensation paid to Independent Advisors will not offset management fees or be included in any caps on Business Services fees.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Typically, Advent or an affiliate will enter into performance-based compensation arrangements with the Funds. Such compensation arrangements are subject to negotiation with the investors of the Funds and generally entitle Advent or an affiliate to a percentage of the profits of the applicable Fund (customarily referred to as a "carried interest"), which is typically 20% and may be contingent on the Fund achieving certain investment performance hurdles.

The Employee Funds and IA Funds established by Advent are not charged performance-based compensation. The Co-Investment Funds established by Advent may not be charged performance-based compensation, but in those cases when they do pay performance-based compensation, it typically is at a lower rate than the Funds with which they co-invest. Performance-based compensation arrangements may create an incentive for Advent to recommend investments that could be riskier or more speculative than those that would be recommended under a different compensation arrangement. Such compensation

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arrangements also can create an incentive to favor higher compensation paying Funds over other Funds in the allocation of investment opportunities. Advent has a Fund Allocation Policy and follows procedures designed to allocate investment opportunities among its Funds in a fair and equitable manner and to prevent this conflict from influencing the allocation of investment opportunities among Funds.

## **Item 7 – Types of Clients**

Advent provides investment advice to Funds generally organized as limited partnerships in which an affiliate of Advent serves as the general partner. Investors in the Funds typically include public pension plans, sovereign wealth funds, funds of funds, corporate pension plans, university endowments, foundations, family offices, insurance companies and other institutional investors. For most of the Funds, Advent has required a minimum investment amount, typically at least \$20 million, although investments below the established minimum are permitted.

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

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

The investment strategy used by Advent varies based on the Investment Program for which investments are made. The strategies used by Advent for its two primary Investment Programs are described below.

- The Global Private Equity (GPE) Program focuses on buyouts and growth equity investments in companies primarily in the markets of Europe and North America, and selectively in other global markets. Funds in the GPE Program will also pursue other global opportunities on a selective basis and sometimes co-invest with Advent's Latin American Program. The GPE Funds target five core sectors: business and financial services; healthcare; industrial; retail, consumer and leisure; and technology, media and telecoms.
- The Latin American Private Equity Fund (LAPEF) Program focuses on buyouts and growth equity investments in companies across Latin America. Funds in the LAPEF Program invest primarily in Brazil, Mexico, Argentina and Colombia, but will also consider opportunities in Peru, Chile and selected other countries in the region. These Funds focus on the same five sectors as the GPE Program, also with

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a specific local interest in financial services, infrastructure, business services, retail/consumer, education and healthcare.

Advent's investment strategy for Funds that are not included in its primary Investment Programs varies based on the particular Fund and the terms of the partnership agreements and other operative documents for that Fund.

Refer to Item 4 of this Brochure for a description of the methods of analysis used by Advent in formulating investment advice.

## **B. Material Risks**

Investments by the Funds in portfolio companies involve a risk of loss that Clients should be prepared to bear. The performance of portfolio companies, and therefore the value of the Funds' investments, will be subject to many factors over which the Funds may have limited or no control. There can be no assurances that any of the portfolio companies in which the Funds invest will succeed. It is possible that a Fund could lose some or all of its capital invested in any portfolio company, and investors in the Funds must be prepared to bear the risk of a complete loss of their investment. The following is a non-exhaustive list of risks associated with the Funds' investment activities.

In seeking investments in portfolio companies, Advent competes with other investors and investment advisers, some of which may have more relevant experience, greater financial resources or more personnel than Advent. It is also possible that competition for investment opportunities may increase in the future, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which such investments can be made. Accordingly, there can be no assurance that Advent will be able to identify (or that the Funds will be able to complete) attractive investments in the future, which could slow the pace of investment or reduce the investment returns for the Funds.

The Funds' investments in portfolio companies are generally illiquid and long-term, and there can be no assurance that the Funds will be able to realize their investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. The illiquidity of securities held by the Funds may result from the absence of an established market for investments as well as from legal or contractual restrictions on their resale by the Funds. The Funds may also receive distributions of securities that cannot be sold except pursuant to a registration statement filed under applicable securities laws or unless an exemption from such laws is available. The Funds may have access to non-public information regarding certain portfolio companies, the possession of which also could limit the Funds' ability to sell securities of those portfolio companies. There can be no assurance that the Funds will be able to divest or otherwise dispose of all of their investments prior to the end of their terms,

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which may require the Funds to restructure and recapitalize, make in-kind distributions upon dissolution or extend their terms in order to liquidate their investments in an orderly manner. General market conditions can also negatively impact the Funds' ability to sell portfolio company securities, such as the ability of potential buyers to obtain debt or other financing for the purchase of securities.

The Funds, either alone or together with other affiliated entities, will often hold controlling interests in the portfolio companies in which the Funds invest. The exercise of such control by the Funds may result in additional risks of liability for environmental damage, product defects, failure to supervise management, violations of governmental regulations (including securities laws) or other types of liability in which the general limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Funds might suffer significant losses. Even when the Funds prevail in any claims for liability they may incur significant costs of defending against those claims.

The Funds may also hold non-controlling interests in certain portfolio companies and, therefore, may have a limited ability to protect their positions in such portfolio companies. As a condition of making non-controlling investments in portfolio companies, the Funds typically seek to obtain appropriate shareholder rights to protect the Funds' investments, but it may not be possible to obtain such rights in all cases. If the Funds do not have a controlling position or shareholder rights to protect their interests, it is possible that a portfolio company could take actions that negatively impact the value of the Funds' investments or that prevent the Funds from disposing of their investments in the portfolio company.

The Funds may lend to portfolio companies on a short-term, unsecured basis or may otherwise invest in a portfolio company on an interim basis with the expectation of a subsequent refinancing or syndication. For reasons not always in the Funds' control, any such refinancing or syndication may not occur, which would result in such bridge financing or interim investment remaining outstanding longer than anticipated. In such event, the Funds may have more risk associated with such investment, or a larger overall investment in such portfolio company than originally anticipated.

Environmental laws, regulations and regulatory initiatives play a significant role in certain industries and can have a substantial impact on investments in these industries. These industries will continue to face considerable oversight from environmental regulatory authorities and significant influence from non-governmental organizations and special interest groups. The Funds may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations and permit requirements. New and more stringent environmental and health and safety laws,

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regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on investments or potential investments.

Environmental hazards could expose the Funds' investments to material liabilities for property damages, personal injuries or other environmental harm, including costs of investigating and remediating contaminated properties. Moreover, failure to comply with regulatory or legal requirements could have a material adverse effect on a portfolio company, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations and permit requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims. Any noncompliance with environmental laws and regulations could subject the Funds and their portfolio companies to material administrative, civil or criminal penalties or other liabilities. Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the limited partners of a Fund subject to environmental liability.

The Funds typically will make and hold their investments through holding companies, some or all of which may hold investments in more than one portfolio company. When a Fund invests in a portfolio company through a holding company, the holding company may be owned in part by such Fund and in part by other Funds or co-investors in that portfolio company. It is also possible that one or more master holding companies will be used for portfolio investments by the Funds in certain countries. Master holding companies typically hold multiple investments for a number of Funds. Master holding companies are structured to separately track the invested capital, expenses and returns for each portfolio investment. All expenses of forming and operating a master holding company are allocated across the investments held by that master holding company, with expenses specific to a particular portfolio company investment allocated to that investment and all other expenses allocated pro rata based on the number of investments held by the master holding company at the time the expense is incurred. As a result, the Funds will bear all expenses associated with each master holding company through which they make and hold investments in portfolio companies.

A master holding company will typically hold each investment in a portfolio company through an intermediate holding company structure that is intended to insulate the master holding company from claims and liabilities associated with the investment in that portfolio company. However, an intermediate holding company structure may not effectively insulate the master holding company from third party claims or liabilities associated with a portfolio company investment. If a third party were to make a claim against a master holding company, it is possible that the master holding company could incur significant expenses in

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connection with defending itself against that claim even if it ultimately succeeds in avoiding liability to the third party. It is also possible that a master holding company would elect to settle a third party claim rather than incur the expense of litigation. Any liability or expense incurred by a master holding company that is attributable to a specific portfolio company investment will be allocated to the Funds that participated in that investment. However, it is possible that such Funds will not have sufficient assets available to satisfy such liability or expense and, in that event, other assets of the master holding company could be used to satisfy such liability or expense. Consequently, it is possible that any investments of a Fund that are made and held through a master holding company could be used to satisfy liabilities and expenses associated with other investments held by that master holding company in which such Fund does not have an ownership interest, which would negatively impact the performance of such Fund.

Following the Funds' initial investment in a portfolio company, the Funds may decide to provide additional needed funds to such portfolio company or may have the opportunity to increase their investment in a successful portfolio company. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient capital to make all or any of such follow-on investments. Any decision by the Funds not to make follow-on investments or their inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for any Fund to increase its participation in a successful portfolio company. In the event any Fund does not participate in a follow-on investment opportunity and other investors provide the requested financing, the Fund's investment in the portfolio company will likely be substantially diluted.

The portfolio companies in which the Funds invest typically will rely on the use of leverage; accordingly, the success of such portfolio companies will depend in part on their ability to access sufficient sources of indebtedness at attractive rates. Highly leveraged portfolio companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. For example, rising interest rates can significantly increase a portfolio company's interest expense, causing losses and/or the inability to service outstanding indebtedness. It is also typical for portfolio companies to agree to comply with certain operating and other covenants in connection with obtaining debt financing. If a portfolio company cannot generate adequate cash flow to meet its debt service obligations or defaults under the covenants imposed on it pursuant to its borrowing arrangements, it may be required to immediately repay all outstanding indebtedness. An acceleration of a portfolio company's repayment of indebtedness could result in a bankruptcy filing by the portfolio company, and the Funds may suffer a partial or total loss of their capital invested in such portfolio company. As a result, the risk of loss



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associated with a leveraged portfolio company is generally greater than for a portfolio company with comparatively less debt. In many private equity investments by the Funds, indebtedness may constitute a significant portion of a portfolio company's total capitalization, including debt that may be incurred by such portfolio company in connection with the Funds' investment. An increase in either the general levels of interest rates or in the risk spread demanded by sources of debt financing could make it more difficult for the Funds to consummate investments that are dependent on a financial restructuring. Increases in interest rates could also make it more difficult to locate and consummate private equity investments because other potential buyers, including operating companies acting as strategic buyers, may have sources of equity capital or access to lower-cost debt that would allow them to bid for assets at a higher price due to their lower overall cost of capital.

The Funds' may make investments with proceeds from drawdowns under one or more revolving credit facilities, which may be secured by the assets of the Funds or the undrawn capital commitments of investors in the Funds, prior to calling capital commitments from investors. The interest expense and other costs of such borrowings will be borne by the relevant Funds. As a general matter, the use of leverage by the Funds on a short-term basis pending capital contributions from investors to repay the borrowing will amplify the Funds' returns (either negative or positive) to investors. If a Fund provides for a preferred return to investors in that Fund, it is expected that interest on revolving credit facility borrowings would be at a rate lower than the preferred return, which would not begin accruing until capital contributions are made to fund an investment (or repay borrowings used to fund an investment). Under those circumstances the general partner of the Fund would have an incentive to cause the Fund to borrow under the revolving credit facility to fund investments in lieu of calling capital from investors.

In connection with the disposition of investments, the Funds may be required to make certain representations about the business and affairs of the subject portfolio company, may be responsible for the content of disclosure documents under applicable securities laws and may be required to indemnify the purchaser of such investments to the extent that such representations or disclosures are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Funds may establish reserves or escrows. It is also possible that other claims could be made against the Funds in connection with their investments and business operations.

Certain of the countries in which the Funds' portfolio companies are expected to have operations are engaged in major programs to reform their political and economic systems toward more open market-oriented systems. However, there can be no certainty that these reforms will ultimately be successful, or that once implemented the changes will remain in place. The ultimate extent and timing of these reforms will likely proceed at a different pace



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in each country and will be influenced by both internal political factors and external factors, such as the degree of cooperation and developments in neighboring regions, the trade patterns and credit policies of trading partners, and other world developments. Opening markets and lowering trade barriers have resulted in an increase in local competition from international companies. While these changes tend to create investment opportunities, they also represent risks to local enterprises that must now compete in the newly opened markets, which were formerly protected from such external competition.

In some of the target countries in which the Funds are expected to make investments, legislation governing commercial relationships, ownership of property and taxation is still evolving. Existing legislation also is subject to amendment and judicial interpretation. The courts in some of these countries continue to be relatively inexperienced and, in several cases, understaffed in commercial areas. While the situation has been improving in some of the target countries, it is not possible to know precisely what the legal environment will be through the course of any Fund's activities in some of the target countries.

President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Act"). Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. In addition, the Tax Act subjects allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. Enactment of this legislation could cause Advent's investment professionals to incur a material increase in their tax liability with respect to their entitlement to carried interest. This might make it more difficult for Advent to incentivize, attract and retain these professionals, which may have an adverse effect on Advent's ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of Advent may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives Advent an incentive to cause a Fund to hold an investment for longer than 3 years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than 3 years.

Financial information for portfolio companies in certain of the target countries in which the Funds are expected to make investments is often not as reliable as can be expected in other more developed regions. While there is a trend toward improved reporting of accurate

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financial results and increased enforcement of statutes concerning financial and tax reporting, and while steps will be taken to validate and, if necessary, reconstruct financial information on which investment decisions are made, there can be no assurance that the financial information for portfolio companies in these countries can be made as reliable as in other more developed regions.

The Funds' investments will typically be made in various countries and, accordingly, such investments and any proceeds therefrom will be denominated in a variety of currencies. If so denominated, the value of these investments will fluctuate as a result of changes in currency exchange rates. In addition, the Funds may incur costs in connection with conversions between various currencies. Movements in the value of currencies over the life of the Funds and currency conversion costs will affect the value of the Funds and their investments. If investments made by a Fund are denominated in a currency other than that Fund's base currency, the relative value of those investments (or the proceeds received from the disposition of those investments), when valued in the Fund's base currency, will fluctuate as a result of changes in currency exchange rates between the date the investment was originally made and the valuation or disposition date. As a result, an increase or decrease in the value of an unrealized investment or the return on a realized investment could reflect fluctuations in currency exchange rates, rather than changes in the value of the applicable investment itself.

Public comments by key personnel within the U.S. administration have suggested that the administration is not supportive of certain international trade agreements. To date the administration has taken actions to impose tariffs on imports to the US from certain countries and to renegotiate or withdraw from certain existing and proposed trade agreements. It remains unclear what further actions the administration may take with respect to trade agreements, individual companies or countries, or how those actions could impact the Funds or their investments. It is also unclear how non-U.S. countries may react to the actions of the U.S. or the impact their actions may have on the Funds or their investments. Because the Funds invest in U.S. companies with operations outside the U.S. as well as companies based in other countries, changes in U.S. political or regulatory conditions, or in laws or regulations governing foreign trade, manufacturing or investment in certain countries, could adversely affect the performance of the Funds' investments. In addition, negative sentiments towards the U.S. among non-U.S. customers or others with whom the Funds or their portfolio companies may conduct business could adversely affect the operations of the Funds or their portfolio companies.

In a June 2016 referendum, voters in the United Kingdom approved the UK's withdrawal from the European Union (the "EU"), which was followed in March 2017 by the UK beginning the process of formally withdrawing from the EU with a two-year period to negotiate the

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terms of its withdrawal. Once the withdrawal process is commenced it cannot be stopped except by unanimous consent of the European Council and all member states. While the UK reached agreement in principal with the EU on a transition period for its withdrawal from the EU, the transition agreement is political in nature and will not be legally binding until the withdrawal agreement, which will govern the terms of the UK's exit from the EU, is formally agreed and ratified. To date the UK Parliament has not approved the transition agreement or an alternative plan for the UK's withdrawal from the EU.

In light of the above, it is not certain when the UK will withdraw from the EU or the terms on which it will withdraw. Given the size and importance of the United Kingdom's economy, uncertainty or unpredictability about its legal, political and economic relationship with the EU may be a source of instability, create significant currency fluctuations, and otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements, as well as the Funds' investments in portfolio companies. The decision of the UK could also have a destabilizing effect if other member states were to consider the option of leaving the EU.

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

The Funds typically invest in middle-market to upper middle-market companies. Investments in middle-market companies may entail larger risks than are customarily associated with investments in larger companies. Middle-market companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group and on additional financing. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology.

The Funds also generally invest a portion of their capital in companies involved in the technology sector. Investments in the technology sector often have heightened risks due to rapidly changing market conditions and/or participants, new competing products and services and improvements in existing products and services. The Funds' technology sector portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. Some portfolio companies may be reliant for their success upon regulatory approvals, while others may require changes to existing (or the development of new) regulatory regimes. Regulatory approvals and changed or new regulatory regimes may be costly, difficult or impossible to obtain (and, if obtained, may be forthcoming only after a very extended period of time). Investments into certain types of regulated portfolio companies also may impose costly and burdensome regulatory

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obligations upon the Funds. In the event that the technology sector as a whole declines, returns to the Funds from such investments may be adversely affected.

Some of the Funds' portfolio companies may be subject to various laws relating to the export of certain technologies. These laws may include Section 721 of the U.S. Defense Production Act of 1950, as amended by the Foreign Investment Risk Review Modernization Act of 2018, and the regulations at 31 C.F.R. Parts 800 and 801, as amended, administered by the Committee on Foreign Investment in the U.S.; and the U.S. Export Control Reform Act of 2018, which is being implemented in part through Commerce Department rulemakings to impose new export control restrictions on "emerging and foundational technologies" yet to be fully identified. Application of these laws to certain of the Funds' portfolio companies, including as they are implemented through regulations being developed, may negatively impact such portfolio companies in various ways, including by restricting access to capital and markets; limiting the collaborations such portfolio companies may pursue; regulating the export of such portfolio companies' products, services, and technology from the U.S. and abroad; increasing such portfolio companies' costs and the time necessary to obtain required authorizations and to ensure compliance; and threatening monetary fines and other penalties if such portfolio companies do not comply.

The Funds may acquire interests in certain portfolio companies in cooperation with others through co-investment arrangements. The Funds' ability to exercise significant influence over management in these cooperative efforts will depend upon the nature of the co-investment arrangement. Such investments may, under certain circumstances, involve risks not otherwise present, including the possibility that the Funds' co-investor may not be able to satisfy its financial obligations, that such co-investor may not be obligated to pay any broken deal fees and expenses if such co-investment is not consummated (thereby resulting in the Funds paying a disproportionate share of such broken deal fees and expenses relative to their anticipated share of such co-investment), that such co-investor might at any time have economic or business interests or goals that are inconsistent with those of the Funds, and that such co-investor may be in a position to take action contrary to the instructions or requests of the Funds or contrary to the Funds' policies or objectives. In addition, such arrangements are likely to involve additional restrictions on the resale of the Funds' interests in the portfolio company.

Some Funds may have the same or similar investment strategies, or may have investment strategies that include a significant overlap of target investments, which could result in those Funds co-investing with each other or competing for investment opportunities. When Funds co-invest in a portfolio company, one or more of the investing Funds may invest less in that portfolio company than it would have invested in the absence of the participation of other co-investing Funds. It is also possible that Funds with the same or similar investment

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strategies may compete for Advent resources required to identify, make and manage investments. The Funds' partnership agreements typically include restrictions on the formation of competing funds during a specified time period. Advent also has adopted a Fund Allocation Policy regarding the allocation of investment opportunities when more than one Fund has capital available for a particular investment.

The Funds may have the right to appoint one or more representatives to the boards of directors (or comparable governing bodies) of portfolio companies in which the Funds invest. Serving on such boards exposes the Funds' representatives, and ultimately the Funds, to potential liability. Although portfolio companies often purchase insurance to protect directors and officers from such liability, certain portfolio companies may not obtain such insurance and there can be no assurance that such insurance will prove sufficient even if obtained. In addition, representation of the Funds on a portfolio company's board of directors may also have the effect of impairing the ability of the Funds to sell their securities in that portfolio company at such times and upon such terms as they might otherwise desire. If the Funds are a significant shareholder with board representation, the Funds could be subject to legal claims they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities law claims and other board-related claims. The Funds may indemnify such representatives for claims arising from such board representation.

The Funds' investment activities subject them to the risk of becoming involved in litigation by third parties with respect to a portfolio company. This risk is somewhat greater if the Funds exercise control of, or significant influence on, a portfolio company's direction. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the officers or employees of Advent or its affiliates, be borne by the Funds and would reduce their net assets. Advent, its affiliates and other related parties are entitled to indemnification by the Funds in connection with such litigation.

The Funds rely on projections developed by Advent's officers or employees or by a portfolio company concerning the portfolio company's future performance and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of Advent, its affiliates, their officers and employees, and the portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values and cash flow and could, therefore, adversely affect the Funds' performance.

The Funds may invest in companies that are restructuring in order to address actual or anticipated severe financial difficulties, which may never be overcome. Such investments

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and the involvement by the Funds in the business operations and restructuring of such companies could, in certain circumstances, subject the Funds to additional liabilities that could exceed the value of the amount originally invested by the Funds therein.

In connection with acquiring, financing, holding or disposing of certain investments, the Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and/or currency exchange; however, such transactions themselves may entail certain risks, including the possibility that the market will move in a manner or direction such that the investment's performance would have been better had the Fund not engaged in the hedging transaction and the risk of an imperfect correlation between the risk sought to be hedged and the hedging instrument used. In addition, certain hedging arrangements may create for the General Partner or Advent a registration obligation with the U.S. Commodity Futures Trading Commission.

It is possible that certain of the Funds' transactions may be undertaken through local brokers, banks or other organizations. In those circumstances the Funds would be subject to the risk of default, insolvency or fraud of such organizations, including where such entities have custody of the Funds' assets. There can be no assurance that any money advanced to such organizations would be repaid or that the Funds would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose the Funds to a variety of risks including theft, loss and destruction. The Funds will also be dependent upon the general soundness of banking systems and other infrastructure.

A portion of a Fund's capital may be invested in companies that are involved in the exploration or production of oil or gas and companies that provide products and services to companies involved in the business of exploring for or producing oil or gas, such as drilling products and services, pipeline or transportation services or exploration or seismic technologies or services. Investments in companies involved, directly or indirectly, in the oil or gas sector often have heightened risks due to their dependence upon the market prices for oil and natural gas, which historically have been volatile and subject to factors beyond any Fund's or its portfolio companies' control, including the amount of worldwide production, the level of imports, the market demand on a regional, national and worldwide basis, weather, competition from other sources of energy, and variations in, and the imposition of, governmental regulations upon the industry. Any substantial or extended decline in the price of oil or gas may have an adverse effect on the value of the Funds' investments in companies involved, directly or indirectly, in the oil or gas sector. The revenues and operating results of companies involved, directly or indirectly, in the oil or gas sector are also dependent on, and subject to, the demand for, and supply of, oil and gas, the availability of alternative energy sources, the success of development and drilling activities, the availability of equipment and personnel, and state and local laws and regulations relating



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to the exploration for, and the development, production and transportation of, oil and gas, which may be changed from time to time in response to economic or political conditions. Any of these factors may limit the amounts of oil and gas that companies can produce and the locations at which these companies can drill thus reducing the returns to the Funds from investments in companies involved, directly or indirectly, in the exploration or production of oil or gas, as well as companies that generate revenues from the provision of products and services to companies involved in the business of exploring for or producing oil or gas.

As part of their investment strategies, the Funds may acquire shares of a public company with the intent of taking the company private or acquire a minority position that would permit the Funds to influence the company's management or business operations via board representation or other means of control. In the event that the Funds are not successful in effecting a public-to-private transaction or are unable to influence the company's operations as expected, the Funds may be unable to implement their intended business strategy and the returns in respect of such investment may be adversely affected. Further, if the Funds acquire enough of the shares of a public company they could be subject to additional risks and costs customarily associated with owning a significant portion of the shares of a public company, including restrictions on sales of the shares, reporting requirements, director liability for representatives of the Funds on the board of directors and restrictions associated with the receipt of material, non-public information.

The governments of some of the target countries in which the Funds are expected to make investments have historically exercised and continue to exercise substantial influence over many aspects of the private economy, including through the imposition of laws and regulations that limit or preclude direct foreign investment or impact the repatriation of capital gains, principal and dividends in the currency of the original investment. The exercise of such influence and the enactment of these and other similar types of restrictions may adversely affect the Funds' investments in the target countries by, among other things, making it difficult for the Funds to distribute amounts realized from their investments. Further, the economies of certain target countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade, as well as the economic conditions in such other countries. No assurance can be given that the Funds' portfolio companies will not be adversely affected by events in countries outside of where they are located.

Advent and its affiliates may be permitted to receive fees from portfolio companies or potential portfolio companies for providing Business Services. If portfolio companies or potential portfolio companies of a Fund pay Business Services fees, that Fund will indirectly

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bear a portion of any of these fees, often subject to certain caps and management fee offsets. Advent will typically have the ability to significantly influence or control management of a portfolio company, which in those cases effectively will give Advent the ability to influence or control the type of services it or its affiliates will provide to that portfolio company and the compensation that will be paid for those services, and as a result, conflicts and risks can arise.

Advent maintains a global network of Independent Advisors who are not partners or employees of Advent or its affiliates, but rather consultants engaged by Advent, the Funds or their portfolio companies to provide advisory and other services from time to time. As a result of the various forms in which Independent Advisors may be compensated and by whom, as well as Advent's role in determining whether an Independent Advisor will provide services to a portfolio company, serve on its board of directors or be hired as an executive officer and the potential economic benefits to Advent and its Independent Advisors that may result therefrom, conflicts and risks can arise when Advent is determining whether an Independent Advisor will provide those services or serve in that capacity.

As part of its business, Advent processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the investors in the Funds. Similarly, service providers of Advent and the Funds may process, store and transmit such information. The information and technology systems used by Advent, the Funds and their service providers may be vulnerable to damage or interruption from computer viruses, network failures, computer or telecommunication failures, security threats (including ongoing cyber security threats and attacks), and infiltration by unauthorized persons and security breaches. Advent has procedures and systems in place to protect such confidential information and prevent data loss and security breaches. However, such measures cannot provide absolute security.

Cyber attacks may take the form of socially-engineered frauds, such as "phishing." There have been reports of alleged government sponsored hacking attempts on American corporate intellectual property and the Funds' portfolio companies may be at risk of cyber-attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Advent's systems to disclose sensitive information in order to gain access to Advent's data or that of the Funds' investors or portfolio companies. Companies and service providers have also been subject to "ransomware" attacks. As further evidence of the increasing and potentially significant impact of cyber security breaches, in 2017 and 2018, the U.S. government and several multinational companies, including financial institutions and retailers, reported cyber security breaches affecting their computer systems that resulted in the personal information of millions of citizens, customers and employees being compromised.



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The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Advent may be susceptible to compromise, leading to a breach of Advent's network. Advent's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Advent to investors in the Funds may also be susceptible to compromise. Breach of Advent's information systems may cause information relating to the transactions of the Funds and personally identifiable information of investors in the Funds to be lost or improperly accessed, used or disclosed.

The service providers of Advent and the Funds are subject to the same electronic information security threats as Advent. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Advent's or the Funds' proprietary information may cause Advent or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and the investors' investments therein.

The Funds may acquire portfolio companies that compete in certain geographic areas or sectors with portfolio companies held by other Funds, which can result in competition among such portfolio companies for lenders, products, service providers or customers, among others, which may create conflicts of interest. Certain portfolio companies also may provide services or products to other portfolio companies, which can result in conflicts of interest to the extent that Advent is involved in recommending or selecting portfolio companies owned by one Fund to provide services or products to portfolio companies owned by another Fund.

From time to time Advent may establish "preferred provider" arrangements with providers of goods and services under which portfolio companies owned by the Funds are given the option to participate with Advent, its affiliates and other portfolio companies in purchasing, vendor or similar arrangements. These preferred provider arrangements are designed to provide group-wide pricing discounts negotiated by Advent, other preferential terms and/or a higher level of service or quality than participants in the program might otherwise receive from the providers. Although Advent may recommend that a portfolio company participate

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in a preferred provider arrangement or may introduce a portfolio company to particular vendors, participation in any preferred provider arrangement by portfolio companies and other participants is voluntarily. Portfolio companies may negotiate other terms with a provider under any preferred provider arrangement, but the provider is expected to offer the negotiated terms to each portfolio company. Advent and its affiliates may also participate in any of the preferred provider arrangement and receive similar group-wide benefits and discounts as the portfolio companies participating in those programs, which could result in a conflict of interest for Advent in recommending a preferred provider arrangement to a portfolio company. Advent does not charge portfolio companies any fees or other assessments relating to its Preferred Provider Programs regardless of whether they participate in one or more of those programs. Similarly, the terms negotiated by Advent with preferred providers do not provide for any payments to Advent or its affiliates that are related to or dependent upon any portfolio company purchasing goods or services from those preferred providers.

Under certain circumstances providers of goods or services may charge Advent or its affiliates different rates or have different arrangements for goods or services provided to them as compared to the rates or arrangements for goods or services provided to the Funds or their portfolio companies, which could result in Advent or its affiliates receiving a discount or more favorable terms on those goods or services while the Funds and their portfolio companies receive a lesser, or no, discount or less favorable terms on similar goods or services. Advent and its affiliates do not request or require a discount or other arrangements for services it receives from providers as a condition to those providers also providing goods or services to the Funds or their portfolio companies, nor does Advent have any such discounts or arrangements with providers that are contingent upon a certain level of business or revenue for the provider from the Funds or their portfolio companies.

In some cases Advent, its affiliates, the Funds and/or their portfolio companies may retain service providers or purchase goods from vendors that employ individuals who are family members or have some other relationship with personnel of Advent or its affiliates. It is also possible that Advent, its affiliates, personnel of Advent or its affiliates, or their family members, may have a direct or indirect financial or other interest in a service provider or vendor that provides services or goods to a managed fund or a portfolio company, or some other relationship with that service provider or vendor. Those relationships can give rise to conflicts of interest in the selection of and terms of business with such service providers or vendors.

From time to time a portfolio company of a Fund may provide goods or services to other Funds' portfolio companies. Those portfolio companies conducting business with each other may be owned by Funds in the same program or they may be owned by Funds in different

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programs. To the extent that those portfolio companies are owned by Funds in different programs, there is a potential for conflicts of interest that could result in one program's portfolio company benefiting at the expense of another program's portfolio company. Advent or its affiliates may recommend or request that a portfolio company purchase goods or services from another portfolio company, which could give rise to conflicts to the extent that Advent or its affiliates have different economic interests in those portfolio companies or the Funds that have invested in those portfolio companies. However, each portfolio company's management team will have the ability to determine whether or not to select another portfolio company as a vendor or service provider and to negotiate the terms on which they will conduct business.

From time to time Advent, its affiliates and their personnel may receive the benefit of "friends and family" and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods or services available at reduced rates or on other preferential terms that otherwise would not be available to Advent, its affiliates or their personnel. Because of Advent's control of the Funds that own such portfolio companies and, in some cases, the participation of its or its affiliates' personnel on the board of directors or similar governing body of such portfolio companies, there is a potential for conflicts of interest associated with the receipt of such "friends and family" or similar discounts. Typically portfolio companies also will offer such discounts to customers other than Advent, its affiliates and their personnel as part of their standard commercial practices to expand their respective customer bases.

For a description of risks relating to a particular Fund, please refer to the private placement memorandum or offering memorandum for that 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. Advent has no disciplinary matters required to be disclosed under this Item.

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

### **A. 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 advisor, or an associated person of the foregoing entities. Neither Advent nor any of its management persons is registered as such or has any application for such registration pending.

### **B. Material Relationships and Arrangements**

Advent has established the following majority owned and wholly owned subsidiaries to provide investment advisory related services, directly or indirectly, to Advent in various countries.

1. Advent Do Brasil Consultoria E Participacoes Ltda - Brazil
2. Advent International Advisory S.L. - Spain
3. Advent International Colombia S.A.S. - Colombia
4. Advent International Cyprus Limited - Cyprus
5. Advent International PE Advisors, S.C. – Mexico
6. Advent International plc – United Kingdom
7. Advent International S.A.S. - France
8. Advent International s.r.o. – Czech Republic
9. Advent International Hong Kong Limited – China
10. Advent International S.A.C. – Peru
11. Advent International Luxembourg S.A.R.L. – Luxembourg
12. Advent International Argentina S.R.L. – Argentina
13. Advent International SRL – Italy

The following entities provide investment advisory related services, directly or indirectly, solely to Advent:

1. Advent Investment Advisory GmbH – Germany
2. Advent International GmbH – Germany

Advent has established the following wholly owned subsidiaries to provide investment advisory services to certain Luxembourg Funds. Each listed entity has been appointed as

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the alternative investment fund manager of certain Luxembourg Funds and has appointed Advent as a sub-advisor to assist it in providing management services to those Luxembourg Funds.

1. Advent International GPE VII, LLC
2. Advent International GPE VIII, LLC

Advent has established Advent International Fund Manager S.a.r.l., an indirect wholly-owned subsidiary based in Luxembourg, to serve as the alternative investment fund manager for certain private funds that will be domiciled in Luxembourg. Advent International Fund Manager S.a.r.l. will delegate certain of its management duties with respect to such private funds to Advent International Lux LLC, a wholly-owned subsidiary of Advent, and Advent will be engaged to provide investment advisory services to Advent International Lux LLC in connection with the performance of those delegated management duties.

Advent holds a direct or indirect interest in the entities listed below; these entities have been established for the purpose of serving as the general partner or managing member of the Funds and the Co-Investment Funds and their general partners:

1. ACEE III GP Limited Partnership
2. ACEE IV GP (Delaware) Limited Partnership
3. ACEE IV GP Limited Partnership
4. Advent Cayman GPE IV- D GP LTD
5. Advent International AILP LLC
6. Advent International LLC
7. Advent International Cayman L.L.C.
8. Advent International LAPEF VI, LLC
9. AP GPE VIII GP Limited Partnership
10. Dragonera Holding B.V.
11. GPE V GP Limited Partnership
12. GPE VI FIS GP S.a.r.l.
13. GPE VI GP (Delaware) Limited Partnership
14. GPE VI GP Limited Partnership
15. GPE VI FIS Shareholder LLC
16. GPE VI OT Co-Investment GP Limited Partnership
17. GPE VII FIS GP S.a.r.l.
18. GPE VII GP Limited Partnership
19. GPE VII GP S.a.r.l.
20. GPE VII OT Co-Investment GP Limited Partnership

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21. GPE VIII CCC Co-Investment GP (Delaware), LLC
  22. GPE VIII GP Limited Partnership
  23. GPE VIII GP S.a.r.l.
  24. LAPEF III GP Limited Partnership
  25. LAPEF IV GP Limited Partnership
  26. LAPEF V GP Limited Partnership
  27. LAPEF VI GP Limited Partnership

Sunley House Capital Management LLC (“SHCM”), a wholly-owned subsidiary of Advent, is a registered investment adviser that advises private investment funds (“SH Funds”) that invest primarily in publicly traded securities. Sunley House Capital Management Ltd. (together with SHCM, “Sunley House”) is a wholly owned subsidiary of SHCM that provides investment advisory services to SHCM. Sunley House, together with SHCM’s general partner, Sunley House Capital GP LLC, carries out its compliance, finance and other operational functions on an integrated basis with Advent, allowing Sunley House to leverage Advent’s experience and the breadth of Advent’s global organization at no additional cost. Employees of Sunley House also participate in meetings and discussions with employees of Advent who are involved in managing the Funds, and in those meetings and discussions information regarding potential investment opportunities may be discussed. Although the SH Funds and the Funds have different primary investment strategies, it is possible that from time to time an investment opportunity will be appropriate for both the SH Funds and the Funds. Please refer to Item 11 for a description of potential conflicts of interest that can arise in connection with allocating an investment opportunity to the SH Funds or the Funds as well as conflicts that can arise when the Funds and the SH Funds co-invest in the same company, and the manner in which Advent addresses such conflicts.

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

Advent has established a Code of Ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended. Advent’s Code of Ethics contains provisions that remind employees of their obligations to the Clients and obligations to comply with federal securities laws, sets forth standards of conduct, restricts personal securities trading and requires reporting of personal securities transactions and holdings. Advent’s Code of Ethics also contains provisions related to reporting violations of, and enforcing, Advent’s Code of Ethics. Each Advent employee is required to acknowledge that he or she received, read and understands Advent’s Code of Ethics.

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The Code of Ethics is designed to prevent the personal securities transactions and interests of the employees of Advent (directly and indirectly, including through SH Funds) from interfering with (i) making decisions in the best interest of the Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts where appropriate. The Code of Ethics requires pre-clearance of transactions in most securities and restricts trading in the securities of any issuer included on Advent's restricted list.

Interested persons may request a copy of its Code of Ethics by contacting Jemimah Milburn, Senior Compliance Manager, at (617) 951-9400 or [jmilburn@adventinternational.com](mailto:jmilburn@adventinternational.com).

Below is a summary of material conflicts that arise in connection with the participation or interest of Advent and its affiliates and employees in Client transactions, including participation through an investment in Employee Funds, IA Funds, other Funds and SH Funds, and an interest arising from serving as a director or in another role with respect to the issuer of securities held by a Fund. For a more complete description of the potential conflicts of interest relating to a particular Fund please refer to the offering memorandum for such Fund.

Certain Funds may compete for investments with other existing Funds as well as new funds that may be formed in the future, some of which may have the same or similar investment strategies. While the Funds co-invest with Employee Funds and IA Funds in each investment, they also may co-invest in certain portfolio companies with other Funds, Co-Investment Funds, SH Funds and new funds that may be formed in the future that have the same or similar investment strategy or may have a different primary investment strategy but nonetheless may invest in certain portfolio companies in which the Funds invest or are considering an investment. As a result, it is possible that conflicts of interest will arise in connection with allocating investment opportunities and making, managing or disposing of investments by the Funds. Advent has adopted certain policies and procedures intended to address situations that can give rise to conflicts of interest, including a Fund Allocation Policy, and the Funds' organizational documents set forth certain restrictions on forming competing Funds and amounts invested by Advent employees and affiliates, as well as other requirements regarding the allocation of investment opportunities.

When a Fund co-invests in a portfolio company with other Funds or SH Funds, or invests in a portfolio company in which another Fund or SH Fund has already invested, it is possible that such Fund and the co-investing Funds or SH Funds may have conflicting interests with respect to the management or disposition of their investment. For example, one Fund may have capital available to participate in a follow-on investment in that portfolio company while another Fund may not have enough capital to participate, which could result in a



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divergence of views with respect to approving any transaction by the portfolio company that will require an additional equity investment from its investors or could result in one Fund suffering dilution with respect to its investment as a result of another Fund's follow-on investment. It is also possible that it may be appropriate for one Fund to dispose of its investment earlier than the other co-investing Funds because that Fund has achieved its return objective with respect to its investment or because that Fund is nearing its dissolution date, which could result in a divergence of views with respect to when to sell a portfolio company or could result in one Fund disposing of its investment before the other co-investing Funds. In the event that a conflict of interest arises in connection with managing or disposing of an investment in which a Fund has co-invested with other Funds or SH Funds, the applicable Fund documents may set forth certain requirements that must be satisfied, such as obtaining the approval of the Fund's advisory committee comprised of representatives of the investors in the Fund (the "Advisory Committee"). Subject to complying with any approval or other requirements in the applicable Fund and investment documents, Advent will determine how best to resolve such conflicts taking into consideration the best interests of the Funds and the particular facts and circumstances applicable to each Fund and its investment.

In general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of Advent or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of Advent or its related persons, and investors may be offered a smaller amount of co-investment opportunities than originally requested, (iv) certain persons other than investors in the Funds (e.g., consultants, Independent Advisors, joint venture partners, persons associated with a portfolio company and other third parties), may be offered co-investment opportunities, in the sole discretion of Advent or its related persons, and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require Advent to notify the recipients of such acknowledgements if there is a co-investment opportunity.

Advent's Employee Funds and IA Funds co-invest in the same investments that are made by the Funds. The amount and certain other terms of co-investments by Advent's Employee



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Funds typically are agreed with the investors in the Funds with which the Employee Funds co-invest and are described in the partnership agreements of the applicable Funds. Co-Investments by Employee Funds and IA Funds are also subject to Advent's Fund Allocation Policy. Negotiating the terms of such co-investments with the investors in the Funds and following Advent's Fund Allocation Policy help to minimize the potential for conflicts of interest in connection with Employee Fund and IA Fund co-investments.

The SH Funds primarily invest in passive investments in publicly traded securities through open market transactions and acquire minority positions in companies. Although the SH Funds and the private equity Funds managed by Advent have different primary investment strategies, it is possible that from time to time an investment opportunity will be appropriate for both the SH Funds and one or more private equity Funds. In that event, the investment opportunity will be allocated among the SH Funds and the private equity Funds as provided in Advent's Fund Allocation Policy, subject to complying with any requirements in the Funds' organizational documents.

It is also possible that (i) a SH Fund will make an investment in a company in which a Fund has already invested or that a Fund will make an investment in a company in which a SH Fund has already invested, including at different levels of a company's capital structure, or (ii) either a Fund or a SH Fund will buy securities from the other fund. A Fund's organizational documents typically require the approval of the Advisory Committee for certain transactions involving that Fund and certain related parties, including any purchase or sale of securities by a Fund from or to a SH Fund. If potential conflicts arise between the interests of the SH Funds and the Funds in connection with the acquisition, management or disposition of any investment, Advent and Sunley House will determine how best to resolve those conflicts, subject to obtaining any required Advisory Committee approval and complying with any other requirements in the applicable Fund and investment documents.

If a SH Fund invests in the same company as a Fund, such investment may be made in the same or different securities or at the same or different times. Conflicts may arise in determining the terms of the Fund's and the SH Fund's investments, particularly if the SH Fund invests in different types of securities than the investment by the Fund. For example, if the SH Fund invests in debt securities and the Fund invests in equity securities of the same portfolio company, questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether the portfolio company's debt should be refinanced. Decisions about what actions should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, whether or not or in what manner to exercise a voting or consent right, and the terms of any work-out or restructuring may raise conflicts of interest. In such circumstances, Advent could be conflicted when determining how to

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exercise the Fund's rights as holder of equity securities and the Fund's representatives on the board of directors of the portfolio company, if applicable, may have similar conflicts. Certain employees of Advent who are involved in investment decisions for the Funds also serve on Sunley House's Investment Oversight Committee, which sets the investment strategy for the SH Funds and provides input on investment opportunities for the SH Funds, and those employees may face similar conflicts.

It is Advent's policy not to engage in any principal transactions without disclosing to the Fund before the completion of such transaction the capacity in which Advent is acting and obtaining the consent of the Fund's Advisory Committee for such transaction. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account.

It is Advent's policy not to engage in cross trading transactions. A cross trading transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. A cross trading transaction may arise where an adviser is registered as a broker-dealer or has an affiliated broker-dealer.

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

Occasionally, upon the termination of the fundraising period for a particular Investment Program, Advent may cause certain Funds in that Investment Program to transfer portions

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of an investment held by those Funds to other Funds in the same Investment Program. These one-time transfers are effected after the end of the fundraising period for the applicable Investment Program in accordance with the disclosed and agreed-upon terms in the organizational documents of the Funds involved in order to assure that each Fund in an Investment Program is holding its correct pro-rata share of each investment. In addition, Advent may, under limited circumstances, cause certain Funds to sell securities to other Funds, subject to obtaining any required approvals from the Advisory Committees of the Funds involved in the transaction and compliance with the terms of the organizational documents of the Funds applicable to those transactions. Advent does not receive any additional compensation for these transactions and is not deemed to be a broker for purposes of Section 206(3) of the Advisers Act in connection with such transactions and, therefore, such transactions are not cross-trading transactions. However, these transactions may entail a conflict of interest because Advent acts for both Funds and may have an incentive to improve the performance of one Fund by selling an underperforming asset to another for example, to earn fees and/or improve its performance allocation. Advent recognizes its fiduciary duties and has a policy of treating all Funds fairly and equitably, and has adopted written policies and procedures designed to comply with its duties.

In the case of all conflicts of interest Advent determines which factors are relevant, and how to mitigate and resolve such conflicts, using its best judgment, but in its sole discretion except to the extent otherwise specified in the organizational documents of a Fund (such as where the approval of an Advisory Committee is required). In resolving conflicts, Advent may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing.

More detailed procedures for resolving certain conflicts of interest are set forth in the offering memorandum and organizational documents of the applicable Fund, and certain additional conflicts are disclosed elsewhere in this brochure.

## **Item 12 – Brokerage Practices**

Advent's selection of brokers is based on a number of factors, including, but not limited to, the size and type of transaction, the markets for securities to be purchased or sold, execution, efficiency, settlement capability, financial condition of the broker-dealer, the quality of the broker-dealers portfolio execution on a continuing basis, and reasonableness of brokerage commissions. A written review process is used to evaluate these considerations each time a position is fully exited or transferred away from an executing broker. Advent always attempts to achieve the best overall execution price for its Clients, and will evaluate each

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transaction to confirm that the execution price is in line with, or exceeds, that of the current market. Advent uses the Volume Weighted Average Price (VWAP) as an indicator of the current market. The lowest possible commission cost is not necessarily sought for every transaction in that it may not result in the best quality execution of transactions effected for the Funds.

It is Advent's policy to not enter into any soft dollar arrangements. A "soft dollar" arrangement is an arrangement whereby an investment adviser directs client brokerage, or pays higher commissions, to a particular broker-dealer in return for research or other services from such broker-dealer. Advent may, however, receive proprietary research and electronic trading, order routing and risk monitoring services from broker-dealers as an incident of doing business with such broker-dealers, but only where (i) there is no arrangement to direct a specific amount of Advent's commission business to such broker-dealers in exchange for such items and (ii) Advent does not "pay up" for such items in the form of higher commissions on Client trades. Advent does not have any formal or informal soft dollar arrangements by which it receives research or brokerage products or services.

It is Advent's policy to not enter into directed brokerage arrangements. A "directed brokerage" arrangement is an arrangement whereby a client of an investment adviser instructs the adviser to direct a portion of its brokerage transactions to a particular broker-dealer.

When more than one Fund holds securities of the same portfolio company, Advent typically sells a pro rata portion (based on the amount of securities that each Fund holds) of the securities held by each Fund at the same time. This aggregation of sales is typically required by the organizational documents of the Funds. Occasionally less than all of the Funds holding securities of the same portfolio company will sell in the same transaction. However, this only occurs when the Funds have acquired those securities at different times or otherwise have different investment objectives.

### **Item 13 – Review of Accounts**

Each Fund has specific investment criteria and limitations set forth in the organizational documents of the Fund. At the time of any investment by a Fund, members of Advent's investment committee for that Fund evaluate whether the investment will satisfy the particular investment criteria and limitations applicable to that Fund. After an investment is made by a Fund, Advent's Managing Partners, Managing Directors, Principals or Directors who are responsible for that investment will continuously monitor the investment for the Fund. Any decision to sell securities held by a Fund is made by members of Advent's

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investment committee for that Fund. Refer to Item 4 of this Brochure for a description of Advent's process for the ongoing management and disposition of investments.

Portfolio reports are prepared for all Funds. They are furnished to the Funds and investors in the Funds as agreed upon in the partnership agreements or other organizational documents of the Funds. These reports may be provided quarterly, semi-annually or annually. Portfolio reports include a description of the securities held by the Fund; the total cost, unit cost and current value of each security in the Fund's portfolio; a summary of all transactions for the account of the Fund during the applicable period; and the Fund's performance for the period from inception. The reports also contain a short general discussion of the individual investments made by the relevant Fund.

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

Not applicable.

#### **Item 15 – Custody**

Item 15 is not applicable to Advent because a qualified custodian does not send quarterly, or more frequent, account statements directly to the Funds.

#### **Item 16 – Investment Discretion**

Advent generally has complete discretion to make all investment decisions for the Funds, subject to any applicable investment criteria or other restrictions and limitations set forth in the limited partnership agreements or other organizational documents of the Funds. Refer to Item 4 of this Brochure for a description of investment criteria of the Funds. With respect to the Co-Investment Funds, typically the decision to make a co-investment through a Co-Investment Fund will be made by the investors in that Co-Investment Fund instead of by Advent. Refer to Item 5 of this Brochure for a description of the Co-Investment Funds.

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## **Item 17 – Voting Client Securities**

Advent has established proxy voting policies and procedures and Advent's Fund Administration Department oversees the proxy voting process on behalf of the Funds. Designated Advent employees are responsible for reviewing, analyzing, monitoring and voting all proxies.

Advent will vote proxies on a case-by-case basis in a manner that it determines to be in the best interest of each particular Fund, as determined by Advent's deal team member responsible for the investment in the particular company in question, unless there is a potential conflict of interest that requires special treatment under Advent's proxy voting policies and procedures. Advent defines the best interest of a Fund in this context primarily with reference to the impact that the issue being voted upon may have on the desirability of owning the security from the perspective of the Fund.

Advent's proxy voting policies and procedures include guidelines regarding: (i) the determination, on a case-by-case basis, of how proxies will be voted; (ii) the responsibility of certain designated employees with regard to the proxy voting process; (iii) how material conflicts of interest are addressed so that all proxies are considered and voted in the best interest of the applicable Fund; and (iv) record keeping requirements.

Upon request, Advent will provide a Fund or an investor in a Fund with information regarding how the applicable Fund's proxies were voted and will provide a copy of its proxy voting policies and procedures. To obtain this information, please send a written request to:

Advent International Corporation  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199  
Attn: Fund Administration  
617-951-9400

## **Item 18 – Financial Information**

Advent has no financial condition that impairs its ability to meet contractual commitments to its Clients. Advent has not been the subject of a bankruptcy petition.