



Part 2A of Form ADV Firm Brochure

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This firm brochure ("Brochure") provides information about the qualifications and business practices of Lee Equity Partners, LLC. If you have any questions about the contents of this Brochure, please contact Joseph B. Rotberg, Chief Compliance Officer, at 212-906-4900 or jrotberg@LeeEquity.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. We refer to ourselves as a "registered investment adviser". Registration does not imply a certain level of skill or training.

Additional information about us is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

The date of our last amendment to our Brochure was on March 30, 2020, and that amendment included clarifying information about fees and expenses, including broken deal expenses, and fees paid to Senior Advisors. This amendment to our Brochure updates our office location.

Investors are encouraged to review this Brochure in its entirety. The information set forth in this Brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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Item 4. Advisory Business

Lee Equity Partners, LLC ("Lee Equity," "us," "we," and "our"), a Delaware limited liability company, is an investment adviser located in New York, New York. We provide both discretionary and non-discretionary investment advice to certain private equity investment funds (the "Funds" or our "Clients") that primarily make investments in private equity, equity-related, and other securities in accordance with the investment guidelines established for such Funds. Typically, we seek to invest in businesses which we believe have strong and sustainable competitive positions, sufficient scale to attract high quality professional management and the ability to demonstrate continued growth. We are a generalist firm with investment professionals who have significant expertise in a number of industries, including financial, healthcare and business services, retail and consumer products and media.

Lee Equity was formed by Thomas H. Lee in August 2006, and is currently led by Mr. Lee, Mark K. Gormley, Benjamin A. Hochberg, Yoo Jin Kim, Caitlyn A. MacDonald, Joseph B. Rotberg, Collins P. Ward, and Daniel J. Rodriguez. (our "Partners"). Certain affiliates of Lee Equity serve as general partner of the Funds (each a "General Partner" and collectively, the "General Partners").

Persons that invest in the Funds are referred to in this brochure as "investors" or "limited partners." We provide both discretionary and non-discretionary investment management services to the Funds and not individually to the investors in such Funds. Lee Equity generally provides investment advisory services to each Fund pursuant to an investment management agreement (each, an "Investment Management Agreement"). Investment advice is provided by Lee Equity directly to the Funds, subject to the direction and control of the General Partner of each such Fund.

Our Funds include those established primarily for limited partners not affiliated with Lee Equity, as well as those established to allow employees of Lee Equity and certain other individuals to invest in (the "Affiliated Funds" which are included in the definition of "Funds" in this document). Affiliated Funds may include limited partners who are not affiliated with Lee Equity.

Each of our Funds typically invests in, and divests of, each investment made by such Fund in parallel with one or more other Funds, including Affiliated Funds. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in our sole discretion, we are authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. The allocation of investments among the Funds is generally established pursuant to the organizational documents of the Funds and further determined in accordance with our policies and procedures regarding the allocation of portfolio investments and co-investment opportunities.

All Funds are exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), pursuant to Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act. Interests in the Funds are only offered to investors that are (a) "*accredited investors*," as

defined in Regulation D of the U.S. Securities Act of 1933, as amended (the “*Securities Act*”), and (b) “*qualified purchasers*” for purposes of Section 3(c)(7) of the Investment Company Act. Interests in the Affiliated Funds are offered to investors that are accredited investors, qualified purchasers or knowledgeable employees who meet the sophistication standard.

The General Partner of each Fund may enter into separate agreements, commonly referred to as “side letters” or similar arrangements, with a particular limited partner in connection with its admission to a Fund without the approval of any other limited partner, which would have the effect of establishing rights under or supplementing the terms of the applicable Fund’s partnership agreement with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other limited partners. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may have the effect of increasing the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, such investments), (ii) reporting obligations of the General Partner, (iii) waiver of certain confidentiality obligations, (iv) consent of the General Partner to certain transfers by such limited partner or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a limited partner. Certain limited partners that have the benefit of a “most favored nation” provision are given the opportunity to elect the rights and terms in any side letter or other similar agreement that are applicable to such limited partners.

We do not participate in wrap fee programs.

Management of Clients Assets

As of December 31, 2019, we managed \$2,420,183,917 of Client assets on a discretionary basis. This includes the committed capital which may be called by the Funds from their respective limited partners. As of December 31, 2019, we managed \$237,069,525 of Client assets on a non-discretionary basis.

Item 5. Fees and Compensation

Lee Equity Compensation

Lee Equity generally receives management fees from our Clients in exchange for our investment management services. The amount of management fees which our Clients pay to us are provided for in their limited partnership agreements and/or the Investment Management Agreements that they enter into with us. The management fees are paid quarterly in advance. The specific management fees payable by a Fund are negotiated at the time the Fund is formed. Certain Clients, including Affiliated Funds, whose investors may be employees, related persons of Lee Equity, or others, may pay reduced or no management fees. Management fees may be waived by us and, under certain circumstances, are subject to reduction.

Management fees payable to us are typically paid from cash funded out of undrawn capital commitments by the investors in such Fund, or will be withheld from proceeds otherwise distributable by such Fund, in accordance with the Fund’s limited partnership agreement. If we do not provide services for the full

period in respect of which such management fees are paid, we will return a pro rata portion of such management fees calculated based upon the number of days remaining in the applicable time period.

We may also receive directors', consulting, monitoring and other similar fees or other transaction fees in connection with the investment activities of the Funds ("Other Fees"). In addition, we may be reimbursed by the Funds' portfolio companies for expenses we incur in connection with our performance of the services that give rise to Other Fees. Such reimbursed amounts are not included in Other Fees and represent expenses indirectly borne by the Fund. These Other Fees are generally agreed at the closing of a Fund's investment in a portfolio company.

In general, the management fees that certain of the Funds pay us is reduced by a portion of Other Fees, if any, received by us in connection with the activities of the Funds. As a general matter, if the next installment of the management fee payable by a Fund is reduced to zero as a result of our receipt of Other Fees, the excess is carried over to the succeeding management fee payment date and applied as a reduction of the management fee but not below zero. Generally, upon dissolution of a Fund, we will refund the excess (up to the amount of aggregate management fees previously paid by such Fund) to such Fund for the benefit of its limited partners. As a matter of practice, we are typically paid Other Fees from, on behalf of or with respect to co-investors (including any Affiliated Funds) in an investment. The receipt of such fees will not reduce the management fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which have the potential to be significant.

Senior Advisors and CEO Advisory Board Members

We have exclusive relationships with several senior professionals who provide certain key value-added services to the portfolio investments of the Funds (the "Senior Advisors"). In addition, Lee Equity and/or portfolio companies may retain other professionals to provide services to certain portfolio companies, including strategic, operating and other advisory services, based on such person's unique industry expertise and business experience ("CEO Advisory Board Members"). These Senior Advisors and CEO Advisory Board Members are generally not employees or members of Lee Equity, although in some cases Senior Advisors are employees and/or members of the applicable General Partner and may have an interest in the Funds' portfolio investments. In addition, the Senior Advisors and CEO Advisory Board Members are not subject to certain restrictions we impose on our supervised persons. David Morrison, a former Partner, is the only Senior Advisor who is currently an employee of Lee Equity. Senior Advisors and CEO Advisory Board Members may receive compensation from the Funds' portfolio investments and such compensation will not result in offsets to or reductions of the management fees. One of our Senior Advisors serves as Chairman of the Board of a portfolio investment and has previously received and continues to receive compensation of \$250,000 per year directly from that portfolio investment. No portion of this compensation is offset as a reduction of management fees. It is anticipated that this compensation arrangement will continue until the sale of the portfolio investment.

In addition, Senior Advisors and CEO Advisory Board Members may co-invest through a vehicle established for employees of, and consultants to, Lee Equity, to invest side-by-side with the Funds. As described in Item 6 below, such employee co-investment funds will pay no management fee and no carried interest and

will invest in portfolio companies of the Funds at the same time and on terms no more favorable than those of the other applicable Funds. Occasionally a Senior Advisor or CEO Advisory Board Member may also be given the opportunity to invest in a specific portfolio investment at the same time and on terms no more favorable than those of the other applicable Funds.

Broken Deal Expenses

The Funds' investments may require extensive due diligence activities prior to investment, and the related expenses may be quite substantial. These expenses may include, among others, professional fees for due diligence, legal fees, travel, lodging and meal costs. Lee Equity will allocate fees and expenses to be borne by the Funds (including expenses incurred in connection with transactions which are not consummated – i. e., “broken deal expenses”) in accordance with the Fund Documents, or to the extent not addressed in such documents or agreements in its sole discretion, in each case using good faith and its best judgment. Please see additional information below regarding allocation of broken deal expenses to co-investment Funds.

Allocation of Fees and Expenses

Each Fund will typically pay legal, organizational and offering expenses, including the out-of-pocket expenses of the relevant Fund's General Partner and its agents, actually incurred in the formation of the Fund and such General Partner. Investors in the Funds will typically receive a reduction in management fees with respect to all such organizational expenses in excess of specific amounts and any placement agent fees as described in the limited partnership agreement of the relevant Fund.

In addition, each Fund will typically pay all costs and expenses relating to its operations, including, but not limited to the following:

- expenses, costs and liabilities associated with the operation of the Funds and their portfolio investments, including the management fee;
- expenses, costs, liabilities and all out-of-pocket expenses including but not limited to due diligence, travel (which may be car service, first class or business class or private and chartered air travel as discussed in this Item 5), lodging (which may include luxury class accommodations), and meals (including meals with portfolio company or prospective portfolio company management), incurred by us in connection with the identifying, structuring, negotiating, making, holding, monitoring, sale, proposed sale, or other disposition or valuation of portfolio investments of the Funds, including the organization of any alternative investment, holding or similar vehicles;
- third party advisor fees and expenses and all out-of-pocket expenses including but not limited to travel which may be car service, first class or business class or private and chartered air travel, lodging (which may include luxury class accommodations), and meals (including meals with portfolio company or prospective portfolio company management), incurred by us in connection with transactions evaluated on behalf of, but not consummated, by the Funds (i.e., broken deal expenses) to the extent not reimbursed by a third party;

- legal, auditing, consulting, accounting and other record-keeping fees and expenses (including costs of reports and other communications to the Funds' limited partners, financial statements, tax return preparation and tax compliance), including indemnification expenses associated with such service providers;
- brokerage commissions, custodial fees, appraisal fees, underwriting commissions and discounts, research expenses and other investment costs actually incurred in connection with portfolio investments;
- expenses of meetings of the Funds' advisory committee and of limited partners;
- fees and expenses of CEO Advisory Board Members; provided, however, that without the consent of the LP Advisory Committee, such fees and expenses shall not exceed an annual amount of \$50,000;
- costs and liabilities incurred in connection with litigation and other insurance and indemnity expenses;
- interest on and fees and expenses arising out of all permitted borrowings made by the Fund;
- all expenses of liquidating the Fund;
- any taxes, fees or other governmental charges levied against such Fund and expenses incidental to the transfer, servicing and accounting for a Fund's cash and securities;
- all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund to the extent not subject to indemnification by a limited partner, including all expenses incurred by the Funds' General Partner in connection with its duties as the tax matters partner of the Fund;
- all expenses incurred in connection with any restructuring or amendments to Fund Documents (as defined below) and the constituent documents of related entities, including the General Partner and Lee Equity, to the extent necessary to implement a restructuring or amendment of the Fund Documents;
- all expenses incurred in connection with distributions to a Fund's limited partners;
- all expenses and costs incurred in connection with any regulatory filings required to be made in respect of the Fund (including Form PF, but excluding Form ADV);
- placement agent fees incurred in connection with the formation of a Fund, subject to a 100% offset against the management fee of such Fund; and
- extraordinary expenses (such as litigation).

Travel, Entertainment and Related Expenses. The Funds will pay directly or reimburse Lee Equity, the applicable General Partner and its affiliates for actual out-of-pocket travel, entertainment and related expenses, including, without limitation, first class and/or business class air travel (which may include

private, or chartered air travel which will be charged in accordance with past practice, at rates not to exceed equivalent first class rates or first or business class), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours), and social and entertainment events with investors, prospective investors, members of the Funds' advisory committee, Senior Advisors, members of the CEO Advisory Board, portfolio company management, customers, clients, borrowers, brokers and service providers) incurred in holding, developing, identifying, evaluating, negotiating, making, structuring, acquiring, monitoring, selling and otherwise disposing of portfolio investments and otherwise in connection with the business of the applicable Fund. Moreover, Lee Equity and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund which will not be subject to the management fee offset or otherwise shared with a Fund, its investors and/or the portfolio companies. Such benefits may include, among other things, participation at meals or events, or "miles" or "points" or other benefits of loyalty / status programs, airline travel or hotel stays where the costs of such event, meal or stay were incurred as Fund expenses or as portfolio company or third-party expenses. All such benefits and/or amounts, whether or not de minimis or difficult to value, will inure exclusively to Lee Equity and such personnel (and not the Fund, their investors and/or the portfolio companies) even though the cost of the underlying service is borne by the Funds and/or the portfolio companies. Certain expenses that are not Fund expenses may nevertheless be reimbursed by fee income prior to any offset of management fee.

Lee Equity will allocate fees and expenses incurred in connection with the offering and management of a Fund between Lee Equity and the Fund in accordance with the limited partnership agreement, private placement memorandum and any relevant offering materials and governing documents, as applicable (together, the "Fund Documents") or to the extent not addressed in such documents or agreements in its sole discretion, in each case using good faith and its best judgement. Lee Equity will ensure any expenses incurred by us and reimbursed by a portfolio company are eligible to be reimbursed pursuant to each applicable Fund's Fund Documents. In certain circumstances, one Fund is expected to pay an expense common to multiple Funds and/or Affiliated Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense, without interest. While Lee Equity believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, Lee Equity is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

Co-investors will typically bear their pro rata share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and may be required to pay their pro rata share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. If a proposed transaction is not consummated, no co-investment vehicle generally will have been formed and the full amount of any expenses relating to such proposed but not consummated transactions (e.g., the broken deal expenses) would therefore be borne by the Fund or Funds selected by Lee Equity as proposed investors for such proposed transaction (including extraordinary expenses such as litigation costs and judgements and other expenses). Similarly, co-investment vehicles are not typically allocated any share of broken deal expenses paid or received in connection with such an unconsummated

transaction. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, costs and expenses relating to such co-investment vehicle may, in certain situations, be borne by another Fund or Funds, regardless of whether such proposed transaction is consummated. Although we will endeavor to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated proportionately. In addition, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments (and in certain circumstances, co-investors may not bear such fees, costs and expenses because they have not been identified as of the time such potential investment ceases to be pursued). In such event, such fees, costs and expenses will be considered operating expenses of and be borne by the applicable Fund.

Subject to any relevant restrictions or other limitations contained in the limited partnership agreements of the Funds, Lee Equity will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Lee Equity may be faced with a variety of potential conflicts of interest.

Neither we nor any of our supervised persons accepts compensation for the sale of securities or other investment products. One or more of our supervised persons may serve as a member, which may include Chair, of the board of directors or advisory board of a non-public entity not affiliated with the Funds or us and may receive compensation in connection with such personal service to such entities. In particular, Thomas H. Lee serves as a member of the board of directors of a private company for which he receives compensation. Mr. Lee also serves as non-executive chairman and indirect owner of AGL Credit Management, L.P., an SEC-registered investment adviser specializing in managed credit solutions on bank loans.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

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

The General Partner of each Fund is generally entitled to a “carried interest” on such Fund’s profits in accordance with the provisions of such Fund’s limited partnership agreement. The carried interest is generally equal to a percentage of the investment proceeds distributed by a Fund in excess of the capital invested by such Fund’s limited partners, and is subject to a preferred return. The General Partner of each Fund is also subject to a clawback of carried interest previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable to the General Partner by such Fund as carried interest, under the Fund Documents, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will the General Partner of a Fund be required to restore more than the cumulative distributions received by such General Partner as “carried interest” determined on an after-tax basis. The carried interest percentage to which the General Partner of a Fund is entitled is negotiated

at the time such Fund is formed. Certain Clients, whose investors may be employees, related persons of Lee Equity, or others, may pay reduced or no carried interest.

The existence of the General Partner's carried interest may create an incentive for us to make more speculative portfolio investments on behalf of our Clients than we might otherwise make in the absence of such performance-based arrangement. However, this incentive is mitigated in part by the substantial financial commitment that our personnel make to the Affiliated Funds. In addition, recent legislation generally requires a holding period of more than three years for portfolio investments in order for the General Partner's carried interest in respect of such portfolio investments to be taxed at preferential long-term capital gains tax rates. This increase in the required holding period, or other laws (including non-U.S. tax laws) applicable to carried interest, may create an incentive for the General Partner to make different decisions regarding the timing and manner of the realization of portfolio investments than would be made if long-term capital gain from the sale or disposition of capital assets (as it relates to the General Partner's receipt of carried interest) did not require a three-year holding period.

Item 7. Types of Clients

We provide both discretionary and non-discretionary investment advice solely to the Funds. We do not have any requirements for opening or maintaining an account.

Each investor in a Fund is typically required to be an "accredited investor" as defined in Regulation D under the Securities Act, a "qualified client" within the meaning of the Advisers Act, and either a "qualified purchaser" or a "knowledgeable employee" within the meaning of the Investment Company Act.

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

Investment Strategies and Methods of Analysis

Generally, we utilize the methods of analysis and investment strategies as detailed in the offering memorandum and governing documents of a Fund. We generally seek to make private equity investments in growth-oriented companies which have strong and sustainable competitive positions, sufficient scale to attract professional management and the ability to demonstrate continued significant growth.

Our Partners engage in sourcing, diligence, financing, monitoring and exiting high-growth, leveraged private equity investments. A core element of our investment strategy is working with portfolio companies to add value through strategic positioning and operating improvements. As a result, we seek to obtain control or to exert significant influence over the company's strategy, operations and governance. Our investment strategy does not include frequent trading.

We are a generalist firm with investment professionals who have significant expertise in a number of industries, including financial, healthcare and business services, retail and consumer products and media. This model offers investors the combination of a generalist firm's broad market coverage and diverse and varied deal flow with a sector-focused firm's domain knowledge, networks and expertise. We seek companies that exhibit or have the potential to produce high margins, compelling growth rates, attractive free cash flow, high returns on capital and the ability to sustain strong competitive positions.

We employ a comprehensive approach to managing our portfolio companies. This approach, which is encapsulated in a planning process called the Lee Equity Action Performance Plan or LEAP Plan, creates a systematic framework through which we can monitor and influence the progress of each portfolio company's short-term and long-term operating, strategic and financial plans. Our value-add includes strategy, management, operational and financial initiatives. We work with management teams to build depth among the operating leadership group. Lastly, we oversee the development and implementation of systems and controls, reporting and decision making tools to augment each company's existing capabilities.

Risk Factors

Private equity investing involves significant risks that a Fund and its investors should be prepared to bear. Investing in the Funds involves significant risks relating both to the types of investment contemplated and our ability to achieve the investment objectives. The discussion below of risks associated with private equity investments does not purport to be an exhaustive list of all risks associated with an investment in our Funds. Please see the confidential offering memoranda or other risk factors of the respective Fund for a more detailed discussion of risks.

Risk of Loss of Capital. Investing in securities involves the risk of loss of capital. While we believe that our investment processes, strategy and research techniques mitigate the investment risk through a careful selection of investment opportunities, no guarantee or representation is made that we will achieve a Fund's investment objectives or that we will be successful.

Leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Our Funds' investments may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. Moreover, rising interest rates may have a more pronounced effect on the profitability or survival of such companies. If for any of these reasons a portfolio company in which we invest on behalf of a Fund is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness or make regular dividend payments, the value of the investment in such portfolio company could be significantly reduced or even eliminated.

Illiquid and Long-Term Investments; Lack of Transferability. Although our Funds' investments may generate current income, the return of capital and the realization of gains, if any, from such investments is expected to occur upon their disposition. Such investments are typically held for a number of years before they are sold. Furthermore, it is unlikely that there will be a public market for such investments and their securities generally may not be sold publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases, the sale of such investments may be prohibited or limited by contract for a period of time, and as a result, we may not be permitted to sell such investments at a time we might otherwise desire to do so.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing on attractive private equity investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that we will be able to identify and complete investments that satisfy our Funds' investment objective, or realize the value of their portfolio investments, or that we will

be able to fully invest their commitments. Nevertheless, our Clients will be required to pay our management fees based on aggregate commitments during the Fund's commitment period.

Portfolio Company Management Risks. It is common for the portfolio companies in which our Funds invest to rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. While we monitor each portfolio company's management team, each such team will ultimately have day-to-day responsibility for the business of such portfolio company.

Concentration of Investments. Each Fund generally invests in a limited number of portfolio companies and, as a result, its returns may be affected by the performance of a single investment. Furthermore, because we typically have broad discretion to invest a considerable portion of a Fund's assets in a single investment, and all of the Fund's assets in a particular industry, adverse movements in the value of a single investment or the health of a particular industry could have a considerably greater negative impact on such Fund than would be the case if we were not permitted to concentrate investments to such an extent.

Control Position. The exercise of control over portfolio companies may expose our Funds to additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability that generally characterizes business operations may be ignored. While we intend to manage our Funds so as to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Board Participation. Our Funds may be represented on the boards of directors of certain of their portfolio investments. Although such positions may be important to our investment strategy and may enhance our ability to manage the investment, they may also impair our ability to sell the investment when, and upon the terms, we may otherwise want. It may also subject us and our Funds to claims we would not otherwise be subject to, including claims of breach of duty of loyalty, securities claims and other director-related claims.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, pandemics, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by such Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

Uncertainty of Financial Projections. The Funds will rely upon projections, forecasts or estimates developed by the applicable Fund or a company in which such Fund is invested concerning the company's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Funds'

control. Actual events often differ from those assumed. Some important factors which could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates and domestic and foreign business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated therein.

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

Non-U.S. Investments. Our Funds may invest globally. Foreign securities involve risks not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, (ii) differences between the U.S. and foreign securities markets, (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (iv) certain economic and political risks, (v) obtaining foreign governmental approvals and complying with foreign laws and (vi) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Furthermore, the legal systems in these countries may offer no effective means for our Funds to seek to enforce their rights or otherwise seek legal redress.

Hedging Arrangements; Related Regulations. The General Partner may (but is not obligated to) endeavor to manage the Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available

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

Illiquid Nature of Interests. Interests in the Funds have not been registered under the Securities Act of 1933, or applicable securities laws of any U.S. state or the securities laws of any other jurisdiction and, therefore, cannot be resold unless they are subsequently registered under the Securities Act of 1933 and any other applicable securities laws or an exemption from such registration is available. There is no public market for the interests in such investment vehicles and one is not expected to develop. An investor generally will not be permitted to directly or indirectly assign, sell, pledge, exchange or transfer any of its interests or any of its rights or obligations with respect to its interests without the prior written consent of the General Partner (or other similar managing fiduciary) of such applicable investment vehicle, which consent may be given or withheld in accordance with the governing documents of such applicable investment vehicle.

Duties of Lee Equity and the Investor's Rights. Lee Equity has been engaged to provide the Funds (and not any individual investor) with portfolio management and certain administrative services. As such and to the fullest extent permitted by law, an investor in the Funds will not have direct rights against Lee Equity and Lee Equity does not represent or owe any duty to any individual investor in the Funds in connection with our appointment to provide such services.

Cybersecurity Breaches and Identity Theft. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Lee Equity, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of Lee Equity and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to a Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Lee Equity, the Funds' service providers, or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Lee Equity's systems to disclose sensitive information in order to gain access to Lee Equity's data or that of the Funds' investors. A successful penetration or circumvention of the security of Lee Equity's systems could result

in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, Lee Equity or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Novel Coronavirus. Currently, the outbreak of the novel coronavirus in many countries, including the United States, is adversely impacting global commercial activity, and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified in the United States and other countries, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains and adversely impacting a number of industries, such as transportation, hospitality and entertainment. In addition, the reaction of the public and local and international governments is quickly evolving. Public health crises can develop rapidly and unpredictably, which may prevent governments, companies or others (including Lee Equity and the Funds) from taking timely or effective steps to mitigate or reduce any adverse impacts. In the United States, Europe and elsewhere, including many major cities, governments and businesses have implemented mandatory or voluntary quarantines or "social distancing" recommendations, which has led to large portions of their populations remaining at home for indefinite periods of time, rather than working from offices or frequenting non-essential retail, hospitality or entertainment establishments. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to the Funds' performance and financial results.

Conflicts of Interest

Lee Equity and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds (including Affiliated Funds), and providing transaction-related, legal, management and other services to Funds and portfolio companies. Lee Equity will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant partnership agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of Lee Equity conducting its activities, the interests of a Fund may conflict with the interests of Lee Equity, one or more other Funds and/or Affiliated Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, Lee Equity will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

During the commitment period of a Fund, all appropriate investment opportunities will be pursued by Lee Equity principals through such Fund, subject to certain limited exceptions. Without limitation, Lee Equity principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those

investments. Lee Equity's principals and Lee Equity's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Lee Equity principals may control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, Lee Equity principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Lee Equity will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of Lee Equity. In determining which investment vehicles should participate in such investment opportunities, Lee Equity and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of Lee Equity in a portfolio company may also raise the risk of using assets of a client of Lee Equity to support positions taken by other clients of Lee Equity. Determinations of allocations of investment opportunities will be made in the manner described in Item 11 below, under "Allocation of Investment Opportunities".

In certain cases, Lee Equity will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant partnership agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, Lee Equity will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant partnership agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

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

As a result of the Funds' controlling interests in portfolio companies, Lee Equity and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Lee Equity personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Lee Equity and/or its affiliates. Unless such amounts are subject to the partnership agreements' offset provisions, they will be in addition to any management fees or carried interest paid by a Fund to Lee Equity.

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

Although Lee Equity generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, Lee Equity intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Lee Equity and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Lee Equity and/or its affiliates; conversely, current or former personnel or executives of Lee Equity and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Lee Equity. Similarly, Lee Equity, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Lee Equity and/or its affiliates, and/or the Funds or other investment vehicles they advise. Lee Equity may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Lee Equity information about markets and industries in which Lee Equity operates (or is contemplating operations) or will provide other services that are beneficial to Lee Equity. Lee Equity may have a conflict of interest in making such

recommendations, in that Lee Equity has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

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

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) will typically pay certain fees to Senior Advisors, CEO Advisory Board Members, and other consultants (including consultants introduced or arranged by Lee Equity and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the management fee as described herein. Senior Advisors may make use of Lee Equity resources or otherwise are associated with Lee Equity. Although the use of Senior Advisors, CEO Advisory Board Members, and other consultants and the allocation of compensation paid to them by Lee Equity, its affiliates and/or the portfolio companies subjects Lee Equity and/or its affiliates to potential conflicts of interest, Lee Equity believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Senior Advisors, CEO Advisory Board Members, and other consultants is lower than market rates for the services provided and/or if the services of the Senior Advisors, CEO Advisory Board Members and other consultants align with Lee Equity's model for the portfolio company and improve portfolio company performance. Although Lee Equity seeks to retain Senior Advisors, CEO Advisory Board Members, and other consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Lee Equity also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Lee Equity believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Senior Advisors, CEO Advisory Board Members, and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because management fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when Lee Equity may not otherwise have done so.

From time to time Lee Equity, its affiliates, current or former employees, business associates and persons selected by them expect to 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 and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than Lee Equity and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, Lee Equity believes that the potential for conflicts of interest relating to such discounts is mitigated. Lee Equity its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course.

Any of these situations subjects Lee Equity and/or its affiliates to potential conflicts of interest. Lee Equity attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Lee Equity's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Lee Equity will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Lee Equity consults and receives consent to conflicts from the limited partner advisory board of the relevant Fund(s) and such other investment vehicles.

Item 9. Disciplinary Information

Neither Lee Equity nor any of its supervised persons have been subject to any legal or disciplinary events that would be material to our business or to an investor or prospective investor's evaluation of Lee Equity or the integrity of our professionals.

Item 10. Other Financial Industry Activities and Affiliations

Except as described below, neither Lee Equity nor any of its "management persons" have relationships or arrangements with related persons who are financial industry participants that are material to Lee Equity's business or which create a material conflict of interest with the Funds or their investors.

General

An affiliate of Lee Equity acts as the General Partner of each Fund. Various limited partnerships serve as General Partners of the Funds. For a description of material conflicts of interest created by the relationship among Lee Equity and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

The General Partners of certain Funds have filed for an exemption from registration as commodity pool operators in accordance with CFTC Rule 4.13(a)(3) and we have filed for an exemption from registration as a commodity trading advisor in accordance with CFTC Rule 4.14(a)(8).

Please also note that the Funds generally invest in the global financial services industry, which includes all financial institutions as well as their customers, suppliers, service providers and counterparties. As a result, the Funds (including the Affiliated Funds) may, from time to time, own investments in one or more of the following types of companies and businesses: (i) broker-dealer, municipal securities dealer, or government securities dealer or broker; (ii) investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund); (iii) other investment adviser or financial planner; (iv) futures commission merchant, commodity pool operator or commodity trading advisor; (v) banking or thrift institution; (vi) accountant or accounting firm; (vii) lawyer or law firm; (viii) insurance company or agency; pension consultant; (x) real estate broker or dealer; and (xi) sponsor or syndicator of limited partnerships. Also, the Funds on occasion make investments in asset management businesses that offer investment products to clients. Lee Equity believes that these investments do not create a material

conflict of interest with clients and do not result in a relationship or arrangement by Lee Equity or any of its management persons with any related person that is material to our advisory business or to our Clients.

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

Code of Ethics

We have adopted a Code of Ethics ("Code") which sets forth standards of business conduct we require of our supervised persons. The Code is intended to assist us and our supervised persons in complying with the requirements of Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), as well as provisions of the federal securities laws pertaining to insider trading.

The Code contains a Procedures and Policy Statement on Insider Trading to inform employees and covered persons of what constitutes material, nonpublic information and the laws and requirements relating to insider trading and confidentiality and our policies in that area.

The Code also sets forth personal trading policies applicable to certain employees and certain family members and affiliates ("covered persons") that are designed to address actual or potential conflicts of interest (or appearances of conflicts) with the Funds.

Covered persons may not trade for themselves or recommend trading in the securities of a public company while in possession of material, nonpublic information concerning such company, or disclose such information to any person not entitled to receive it. In accordance with the Code, covered persons are not permitted to effect transactions individually in public companies that are portfolio investments of any of the Funds without the approval of the Chief Compliance Officer.

Our Code requires that covered persons report brokerage transactions to the Chief Compliance Officer. Transactions in certain financial products, including certain mutual fund shares, U.S. government securities and certain money market instruments may be excluded from such reporting requirements.

Our Code also requires that covered persons seek pre-clearance with respect to investments in any private placement or initial public offering. These limitations and pre-clearance requirements generally do not apply to transactions in certain investments, including investments in accounts over which the covered person has no direct or indirect control.

Lee Equity, its affiliates, and equity holders, officers, principals and employees of Lee Equity and its affiliates may buy or sell securities or other instruments that Lee Equity has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the Fund's Partnership Agreement and any policies and procedures set forth in Lee Equity's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Lee Equity have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

A copy of our Code of Ethics will be provided to any Client or prospective client upon request.

Conflicts of Interest

Participation or Interest in Client Transactions

As described in Items 5 and 6, we are generally entitled to receive management fees and the General Partners of the Funds may also receive a carried interest from the Funds. The General Partners of the Funds also makes capital commitments to the Funds. We may receive fees (which may be in the form of profits interests, options or other equity incentive compensation) from the Funds' portfolio companies for performing consulting and other services for, or serving as directors (or similar positions) of, such companies. Certain of the foregoing may represent a conflict of interest in our selection of portfolio investments for the funds. These potential conflicts of interest are mitigated in part because (i) typically, the General Partner has a capital commitment to each Fund; (ii) our consulting, servicing and board member fees are typically negotiated with applicable portfolio company management teams and/or any roll-over equity holders; and (iii) typically, a portion of the consulting, servicing and board member fees we receive are offset against management fees otherwise payable by the Funds.

Allocation of Investment Opportunities

Because the formation of the Funds occurs sequentially over time, typically only one Fund is actively making investments at any given time and a successor Fund does not commence making investments until its predecessor Fund has generally ceased making new investments. To the extent that there is more than one Fund actively investing at any time, we will determine allocations to each Fund in accordance with its limited partnership agreement and on a basis that we believe is fair and equitable (taking into account a number of factors, including, without limitation, each Fund's available commitments), and transaction costs will be shared proportionately. Otherwise, except as described below, investment opportunities generally are not required to be allocated among Clients. Typically during a Fund's investment period, any suitable and appropriate investment opportunity that is presented to the Fund's General Partner (other than follow-on investment opportunities related to investments of a predecessor Fund, which will generally be offered to the predecessor Fund that made the original investment in accordance with the terms of its limited partnership agreement) will be offered solely to such Fund. We will maintain a record of those instances in which we allocate investment opportunities between or among Funds and the methodology of such allocation.

Pursuant to and in accordance with the terms of each Fund's limited partnership agreement, and subject to certain limitations, the General Partner of a Fund is generally permitted but is not obligated to provide in its sole discretion the opportunity to co-invest with such Fund in its portfolio investments directly or indirectly to certain (i) limited partners of such Fund, (ii) third parties, (iii) employees of Lee Equity and (iv) other persons who can potentially add value to the Funds' activities by virtue of their association with the Fund and/or certain portfolio companies. In determining to offer any co-investment opportunity in a specific portfolio investment, except with respect to co-investment opportunities offered pursuant to the last sentence of this paragraph, we will generally first determine the appropriate allocation to the applicable Fund taking account of relevant circumstances before allocating any portion of such portfolio investment to one or more co-investors, unless we determine a particular co-investor may potentially add strategic value with respect to such portfolio investment or that offering such co-investment opportunity

is otherwise in the best interests of the Fund. With respect to co-investments by certain of our employees, their family members and/or other persons who can potentially add value to the Funds' activities by virtue of their association with the Fund and/or certain portfolio companies, and where appropriate, each Fund's limited partnership agreement sets forth a maximum aggregate amount that is permitted to be co-invested by such persons in any single portfolio investment.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Lee Equity or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Lee Equity investors. When and to the extent that employees and related persons of Lee Equity and its affiliates make capital investments in or alongside certain Funds (*e.g.*, through Affiliated Funds), Lee Equity and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Lee Equity's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Lee Equity will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Lee Equity may be subject, discussed herein, did not exist.

See Item 5 above regarding the allocation of common expenses among our Clients.

Principal Transactions. Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. We do not anticipate purchase or sale transactions between any Fund and Lee Equity, its affiliates or its employees or entities owned by them. Any such transaction would be considered a "principal transaction," which is governed by Section 206(3) of the Advisers Act. However, such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Any transactions between the Funds and accounts that are 25% or more owned by us or our employees have the potential to be considered principal transactions that trigger the restrictions imposed by Section 206(3). Any potential principal transaction would require the written pre-approval of the Chief Compliance Officer who would, among other things, ensure strict compliance with all requirements imposed by Section 206(3) of the

Advisers Act and compliance with each Fund's limited partnership agreement, including obtaining any required limited partner advisory board approvals. Receipt of any such approval shall satisfy Lee Equity's good faith requirement, and any other applicable duty to such Fund and its investors.

Cross Transactions. In certain cases, Lee Equity may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, the selling Fund may not receive the best price otherwise possible, or Lee Equity might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, Lee Equity, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). Lee Equity and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction and may also be entitled to share in the investment profits of the relevant Funds, as well as receive transaction fees from the underlying portfolio companies involved in such transactions. To address conflicts arising from such purchases and sales, a Fund's Documents may require certain approval from such Fund's advisory board of certain transactions in which the Fund invests in an existing portfolio company of another Fund or sells an investment to another Fund. Receipt of any such approval shall satisfy Lee Equity's good faith requirement, and any other applicable duty to such Fund and its investors. In addition, any cross transaction would require the written pre-approval of one of our Partners and the Chief Compliance Officer who would, among other things, ensure that the transaction was at a demonstrably fair price and in each participating Fund's best interests and was made in accordance with each Fund's limited partnership agreement (i.e., that any required limited partner advisory board approvals had been obtained).

Partnership Expenses. Certain expenses of the Funds, the General Partners of the Funds or Lee Equity incurred in connection with the structuring, negotiating, making, monitoring, sale, proposed sale or other disposition of portfolio investments may be borne by one or more portfolio companies and, as such, shall not be paid by the applicable General Partner or Lee Equity or paid or reimbursed by the applicable Fund.

Travel Expenses. The Funds will pay directly or reimburse Lee Equity, the applicable General Partner and its affiliates for actual out-of-pocket travel, entertainment and related expenses, including, without limitation, first class and/or business class air travel (which may include private, or chartered air travel which will be charged in accordance with past practice, at rates not to exceed equivalent first class rates or first or business class), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals (outside normal business hours), and social and entertainment events with investors, prospective investors, members of the Funds' advisory committee, Senior Advisors, members of the CEO Advisory Board, portfolio company management, customers, clients, borrowers, brokers and service providers incurred in holding, developing, identifying, evaluating, negotiating, making, structuring, acquiring, monitoring, selling and otherwise disposing of portfolio investments and otherwise in connection with the business of the applicable Fund.

Fund Level Borrowing. The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay Fund expenses, to pay management fees, to make or

facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Fund on a pro-rata basis, including the General Partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations depend on the amount and timing of capital contributions. While the Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

Borrowing by the Fund will generally be secured by capital commitments made by the limited partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interest of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of UBTI.

Interest on Borrowings. From time to time, Lee Equity may borrow funds on behalf of a Fund and contribute such borrowed amounts to the relevant Fund as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the relevant Fund as a Fund expense, consistent with the partnership agreement and the expense policy described under "Fees and Compensation." In borrowing on behalf of a Fund, Lee Equity is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund. Lee Equity will effect such borrowings in a manner it believes to be fair and equitable to the Fund, and consistent with Lee Equity's obligations to the Fund and the partnership agreement.

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

Lee Equity generally has an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

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

Service Providers. Lee Equity and/or its affiliates may engage certain service providers to provide services to Lee Equity, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel, pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as Lee Equity may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. Additionally, employees and former employees of Lee Equity or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that we may have with a service provider can influence us in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. Lee Equity will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide us information about markets and industries in which Lee Equity operates or is interested or will provide other services that are beneficial to Lee Equity. In rare instances, Lee Equity may select service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that Lee Equity, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While Lee Equity often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which Lee Equity receives more favorable service rates or arrangements than the Funds or their portfolio companies.

Lee Equity or its affiliates and service providers, often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by Lee Equity or its affiliates differ from those required by the Funds and/or its portfolio companies, Lee Equity and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies. Notwithstanding the foregoing, Lee Equity generally does not enter into any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund or a portfolio company for comparable services.

Item 12. Brokerage Practices

We do not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds because the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions.

From time to time, we may use a broker to effect transactions in public securities resulting from, or in connection with, portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and commissions paid to, brokers. If we determine to engage a broker, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness to us, and the value to us of research provided, if any.

We do not receive soft dollar benefits or client referrals from broker-dealers in connection with client transactions.

Item 13. Review of Accounts

Our Partners are responsible for oversight of the investment process. In addition, our investment professionals meet weekly to review all potential new and existing portfolio investments, and any issues raised during the weekly meeting requiring Partner review will be brought to the attention of the Investment Committee.

Limited partners in the Funds are provided with audited annual financial reports and unaudited quarterly financial statements, and quarterly descriptive information with respect to portfolio investments. These reports are distributed electronically. Limited partners are also provided with annual tax information.

Item 14. Client Referrals and Other Compensation

Lee Equity and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Partnership Agreement, this compensation may, in many cases, offset a portion of the management fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to management fees. See Item 5 above.

We sponsor the formation of each Fund and we do not engage or compensate third party referral agents to solicit new clients for us. In the event that we engage, and will make a cash payment to, any solicitor of clients, we will do so in accordance with Rule 206(4)-3 under the Advisers Act. If we engage a placement agent to solicit investors for our Funds, the Fund will bear the full costs of any compensation paid to such solicitors, subject to a 100% offset against the management fee of such Fund. Related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

Item 15. Custody

All cash and securities (except for certain privately offered securities as defined in Rule 206(4)-2 under the Advisers Act and subject to SEC interpretation) are maintained with qualified custodians (which include U.S. registered broker-dealers and banks).

Within 120 days after the end of the fiscal year for each Fund (*i.e.*, generally by April 30), independently-audited financial reports prepared in accordance with generally accepted accounting principles are distributed to each Fund's limited partners.

Item 16. Investment Discretion

We have entered into an Investment Management Agreement with each Fund. Each such agreement, together with the management authority granted to each Fund's General Partner pursuant to each Fund's limited partnership agreement, provides us with either full, limited or no discretion to determine investments to be purchased and sold on behalf of the Fund and the terms of the related transactions. Specific limitations on our investment discretion, if any, are set forth in the investment management agreement with, and the limited partnership agreements of, the Funds. Side letters with certain limited partners may also alter or vary the terms applicable to such limited partner's investment in a Fund. For example, a side letter may provide a limited partner excuse rights applicable to particular investments. See Item 4 above.

Item 17. Voting Client Securities

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the Funds, may be asked to vote the securities of the Funds on restructuring or other corporate matters. It is our general policy to vote Client proxies in the interest of maximizing shareholder value.

We will also determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of a Fund. We have adopted policies and procedures to address these material conflicts of interest.

A copy of our proxy voting policies and procedures will be provided to any Client and prospective client upon request. Current Clients may also request information about the way in which we voted in connection with assets held by them.

Item 18. Financial Information

Lee Equity has never been the subject of a bankruptcy petition and does not believe there are any conditions that are reasonably likely to impair our ability to meet contractual commitments to Clients.