

**Item 1. Cover Page**

**Silver Lake Technology Management, L.L.C.**

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Part 2A of Form ADV: Firm Brochure  
December 10, 2020

**This brochure provides information about the qualifications and business practices of Silver Lake Technology Management, L.L.C. If you have any questions about the contents of this brochure, please contact us at (650) 233-8120. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Silver Lake Technology Management, L.L.C. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

This brochure, dated as of December 10, 2020, contains several material changes from the last firm brochure dated as of March 30, 2020, including but not limited to: new risk factors and enhanced conflicts of interest, the addition of new Adviser entities and strategy, and disclosures regarding certain minority owners of the Adviser. In addition, the Adviser routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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

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#### Item 4. Advisory Business

For purposes of this brochure, unless otherwise noted, the “Adviser” means each of (i) Silver Lake Technology Management, L.L.C. (“Silver Lake Technology Management”); (ii) Silver Lake Management Company II, L.L.C., Silver Lake Management Company III, L.L.C., Silver Lake Management Company IV, L.L.C., Silver Lake Management Company V, L.L.C., Silver Lake Management Company VI, L.L.C., Silver Lake Management Company SPV-1, L.L.C., Silver Lake Management Company SPV-2, L.L.C. and Silver Lake Management Company SPV-3, L.L.C. (collectively, “Silver Lake Partners”); (iii) Silver Lake Alpine Management Company, L.L.C. and Silver Lake Alpine Management Company II, L.L.C. (collectively “Silver Lake Alpine”); (iv) Silver Lake Management Company LTC, L.L.C. (“Silver Lake Long Term Capital”); (v) Silver Lake Waterman Management Company, L.L.C. and Silver Lake Waterman Management Company III, L.L.C. (collectively “Silver Lake Waterman”); (vi) Silver Lake Management Company Sumeru, L.L.C. (“Silver Lake Sumeru”); and (vii) Silver Lake Kraftwerk Management Company, L.L.C. (“Silver Lake Kraftwerk”); including (where the context permits) their general partners and affiliates that manage investments for, provide advisory services to, and/or receive Advisory Fees from the Funds (as defined below) (collectively the “Advisers”). Such affiliates are controlled by, or under common control with, Silver Lake Technology Management, but possess a substantial identity of personnel and/or equity owners with Silver Lake Technology Management. Such affiliates are formed for tax, regulatory, or other purposes in connection with the organization of the Funds (as defined below).

The Adviser provides investment management and/or investment supervisory services to investment vehicles (the “Main Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Adviser from time to time establishes certain investment vehicles (herein referred to as “Side-By-Side Co-Investment Vehicles,” and collectively with the Main Funds, as “Funds” and each individually as a “Fund”) through which certain current and former employees, members, officers, senior and special advisors, business relationships, and independent contractors of the Adviser and/or their family members, officers and employees of the Adviser’s affiliates and/or their family members, certain business relationships, certain investors in the Main Funds and/or a Main Fund itself, or other persons close to the firm invest alongside one or more Main Funds in one or more investment opportunities. Such vehicles generally are contractually required, as a condition of investment, to purchase and exit their investments in each investment opportunity at substantially the same time, and on substantially the same terms, as the applicable Main Fund that is invested in that investment opportunity.

The Adviser operates its business across six segments, consisting of:

- (i) *Silver Lake Partners*, which primarily focuses on large-scale investments in companies within the technology, technology-enabled, and related growth industries, using a broad variety of investment types and transaction structures.
- (ii) *Silver Lake Alpine*, which primarily focuses on non-control, downside-protected, privately negotiated structured equity and debt investments in large-cap technology, technology-enabled, and related growth companies globally.

- (iii) *Silver Lake Long Term Capital*, which has a broad mandate to invest in, among other things, early stage tech, and later stage tech opportunities that target lower risk/return credits or longer than typical hold periods than Silver Lake Alpine or Silver Lake Partners, as well as opportunities outside of the tech and tech-enabled universe. Silver Lake Long Term Capital will also invest in Side-by-Side Co-Investment Vehicles.
- (iv) *Silver Lake Waterman*, which primarily focuses on debt and debt-like investments to later-stage private companies in the technology, technology-enabled, and related growth industries
- (v) *Silver Lake Sumeru*, which has been focused on investments in middle-market companies within the technology, technology-enabled, and related growth industries. Silver Lake Sumeru Fund, L.P. (including its associated Side-By-Side Co-Investment Vehicle, the “SLS Fund”) is not making any new investments other than follow-on investments, and Silver Lake Sumeru is in the process of finding liquidity for its existing investments.
- (vi) *Silver Lake Kraftwerk*, which has a portfolio of technology and technology-enabled growth businesses that seek to drive efficiency across the operations, energy, and resources industries. Silver Lake Kraftwerk Fund, L.P. (including its associated Side-By-Side Co-Investment Vehicle) is not making any new investments other than follow-on investments.

The Adviser’s investment management and/or investment supervisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of such investments. The Adviser serves as the investment adviser or sub-adviser to the Funds in order to provide such services.

The Adviser provides investment management and/or investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund (the “Organizational Documents”), separate investment management agreements (each such investment management agreement, an “Advisory Agreement”), and/or side letters with investors (collectively, the “Governing Documents”).

Investment advice is provided directly to the Funds, and not individually to the investors in the Funds. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

Silver Lake Technology Management is indirectly owned by certain members of its senior management as well as investment funds managed by Dyal Capital Partners (collectively, “Dyal”), a division within Neuberger Berman, and certain subsidiaries of Mubadala Investment Company (“Mubadala”). Neither Dyal nor Mubadala has any control over the day-to-day operations or investment decisions of Silver Lake Technology Management as they relate to the Funds, but each has certain customary minority protection consent rights. Each of Silver Lake Partners, Silver Lake Alpine, Silver Lake Long Term Capital and Silver Lake Kraftwerk is a wholly owned subsidiary of Silver Lake Technology Management, and Silver Lake Technology Management is engaged as a sub-adviser by each. Silver Lake Waterman Management Company, L.L.C. is wholly owned through an intermediate entity by Silver Lake Technology Management and Shawn O’Neill and Richard Stubblefield, Managing Directors of Silver Lake

Waterman, and Silver Lake Waterman Management Company III, L.L.C. is wholly owned through Silver Lake Waterman Management Company, L.L.C. and Shawn O'Neill, Managing Director of Silver Lake Waterman, and Silver Lake Technology Management is engaged as a sub-adviser by Silver Lake Waterman. Silver Lake Sumeru is owned by Silver Lake Technology Management and Ajay Shah, Group Head and Managing Partner of Silver Lake Sumeru, and Silver Lake Technology Management is engaged as sub-adviser by Silver Lake Sumeru. Silver Lake Technology Management has been in business since 1999; Silver Lake Management Company II, L.L.C. (formerly known as Silver Lake Management Company, L.L.C.) since 2003; Silver Lake Management Company III, L.L.C. since 2006; Silver Lake Management Company IV, L.L.C. since 2012; Silver Lake Management Company V, L.L.C. since 2016; Silver Lake Management Company VI, L.L.C. since 2020; Silver Lake Management Company SPV-1, L.L.C. since 2017; Silver Lake Management Company SPV-2, L.L.C. since 2019; Silver Lake Management Company SPV-3, L.L.C. since 2020; Silver Lake Waterman Management Company, L.L.C. since 2012; Silver Lake Waterman Management Company III, L.L.C. since 2018; Silver Lake Alpine Management Company, L.L.C. since 2018; Silver Lake Alpine Management Company II, L.L.C. since 2020; Silver Lake Management Company LTC, L.L.C. since 2020; Silver Lake Management Company Sumeru, L.L.C. since 2007; and Silver Lake Kraftwerk Management Company, L.L.C. since 2010. As of December 10, 2020, the Adviser manages approximately \$76.1<sup>1</sup> billion of client assets (including committed but unfunded capital), all of which is managed on a discretionary basis.

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

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund and/or its portfolio companies has in the past and is expected also in the future to make other payments to the Adviser or its affiliates for services provided to the portfolio companies. While such payments are in addition to the Advisory Fees, the Adviser will (except as described below) share these amounts with investors through a reduction in the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such amounts. This sharing arrangement benefits investors by reducing the amount of Advisory Fees to be paid to the Adviser by a pre-established sharing percentage that was negotiated between the Adviser and its investors. Additionally, consistent with the Governing Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

### **Advisory Fees**

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund (except for Side-By-Side Co-Investment Vehicles) an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital or invested capital, with respect to such Fund. Advisory Fees paid by a Fund have in the past been, and are expected also

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<sup>1</sup> Client assets include valuations of portfolio companies as of September 30, 2020 and committed but unfunded capital as of December 10, 2020. The stock prices of certain public company investments have changed in value subsequent to quarter-end, and in some cases the change may be material.

in the future to be, reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund's activities and investments, or by certain excess organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Fund are indirectly borne by investors in such Fund, but such Advisory Fees are added to the cost of investment prior to any Carried Interest (as defined below in Item 6) taken by the Adviser.

Advisory Fees charged to, and received from, the Funds are generally payable quarterly in advance for Silver Lake Partners, Silver Lake Long Term Capital, certain Silver Lake Waterman Funds, Silver Lake Sumeru, and Silver Lake Kraftwerk, and in arrears for other Silver Lake Waterman Funds and Silver Lake Alpine. Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

As our investors are aware, the precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser through negotiations with investors in the applicable Fund, and are set forth in such Fund's Governing Documents. The Advisory Fees and other fees and distributions described above are generally subject to modification, waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which will typically, except as otherwise agreed to with an investor, not be disclosed to all other investors in the same Fund. Fees will often differ from one Fund to another, as well as among investors in the same Fund. The fee structures described above will be modified from time to time. In certain cases, the rate of Advisory Fees payable by an investor in a Fund will be lower based on the size of the investment in the Funds made by the investor if investment commitments meet certain size-based fee reduction qualifications. Such fee reduction arrangements, as applicable, are described in the relevant Funds' Governing Documents.

The Side-By-Side Co-Investment Vehicles and certain investors in a Fund that are current or former employees, business relationships, or "friends and family" of the Adviser or its personnel ("Adviser Investors") will not typically pay Advisory Fees in connection with their investment in a Fund. The Adviser, in certain instances and in its discretion, has in the past lent and will in the future lend money to investors in the Side-By-Side Co-Investment Vehicles to make certain investments.

The Advisory Fees paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund (which fee may be a flat fee or a fee with respect to only certain potential investors), (2) expenses incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund's Governing Documents and/or (3) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of any such reduction, if any, is set forth in the Governing Documents of the applicable Fund. To the extent an Other Fee relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in accordance with the terms and provisions of the Organizational Documents of such Fund(s). Generally any such reduction of a Fund's Advisory Fees will be limited to the extent of such Fund's proportionate interest in any such portfolio company. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Silver Lake Long Term Capital does not benefit from any such reductions in respect of its interest held through any Side-By-Side Co-Investment Vehicles.

## **Other Fees**

### *Fees Payable by Portfolio Companies*

#### **Transaction Fees**

As our investors are aware, the Adviser and its affiliates perform transaction-related, financial advisory and other services for, and in many instances will receive cash, equity and other non-cash fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in portfolio companies or prospective portfolio companies and similar transactions with respect to such portfolio companies or prospective portfolio companies (such fees, “Transaction Fees”). Transaction Fees are often calculated as a percentage of the total enterprise valuation of the transaction, which is generally the aggregate amount of funds raised (including invested capital, rolled-over equity and debt assumed or financed by a Fund and/or the portfolio company and its subsidiaries and affiliates).

#### **Monitoring Fees**

As our investors are also aware, the Adviser and its affiliates may also receive “Monitoring Fees” pursuant to agreements with portfolio companies of the Funds governing the advice, consultation, operational enhancements and other similar ongoing services provided by the Adviser to such portfolio companies. As discussed below, these fees are shared with our investors, with the investors receiving the majority of the economic benefit of these fees due to a pre-established sharing percentage negotiated between the Adviser and its investors. The terms of a typical monitoring agreement may include (among other things) annual or other automatic renewals, the payment of Monitoring Fees (which may be fixed fees or calculated as a percentage of EBIDTA or similar performance metric), and, as our investors are aware, the acceleration of payment of the Monitoring Fees following certain milestones, such as an initial public offering, interim liquidity or realization event, sale or other strategic exit. In such instances, the Monitoring Fee has been earned, and is expected to be taken, without regard to whether the Adviser is expected to continue to be involved in the portfolio company. The lump-sum termination fee has been in the past and, if applicable, is likely in the future to be calculated as the present value of hypothetical foregone future payments (which in some cases exceed ten years, are subject to automatic extensions and renewal, extend past the term of a Fund, and/or may be based on an assumed growth in EBITDA or another metric used to calculate the fee). Such present value has been in the past and is likely in the future to be calculated using a discount rate as low as the risk-free rate, as determined by the Adviser. Since such agreements will often have prolonged terms, the financial effect of such acceleration has been in the past and, if taken in the future, is likely to be substantial, particularly in the event such circumstances occur early in the life of the Fund’s investment in such portfolio company.

To mitigate any potential adverse effect of an accelerated Monitoring Fee on investors, the Adviser has adopted a policy prohibiting it from accepting any accelerated Monitoring Fee unless it determines either that (1) accepting the accelerated fee is either neutral or economically beneficial to investors in the Fund, taking into consideration the total amount of Advisory Fees that are currently and are likely in the future to be available for offset, or (2) the Adviser



provides an offset to the Fund equal to the potential cost to investors of accepting the accelerated Monitoring Fee, such that investors would be no worse off by the acceptance of such accelerated fee, and any such offset is disclosed to investors of the Fund.

#### Additional Other Fees

As our investors are aware, in addition, the Adviser and its affiliates will often receive fees in connection with serving on the board of directors of a portfolio company (“Director’s Fees”). In addition, the Adviser and its affiliates may receive fees in connection with an unconsummated transaction (“Break-Up Fees”) and guarantor, surety, and other similar fees, including fees that are customarily received by structured equity and structured debt investors for the use of capital with respect to a Fund’s portfolio investments (e.g., commitment fees, funding fees and facility fees, including undrawn facility fees, together with Transaction Fees, Monitoring Fees, Director’s Fees and Break-Up Fees, the “Other Fees”). The amount and timing of Other Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Certain other fees and reimbursements that are generally not considered “Other Fees” and do not reduce the Advisory Fee payable by a Fund include (but are not limited to) the following: (i) fees or expenses borne by a Fund directly, (ii) any amounts paid by a former portfolio company, such as directors’ fees a former portfolio company pays an Adviser professional who remains on the company’s board of directors following the Fund’s disposition of its investment in the company.

#### Calculation of Other Fees

Other Fees for the services described above are often established prior to or upon the initial consummation of an investment, though have in the past been, and are expected from time to time in the future to be, established after the investment consummation. Generally under the terms of the applicable Organizational Documents, for purposes of calculating any Advisory Fee offset, Other Fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such Fees. Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other Fees are in addition to the Advisory Fees, the Adviser will, except as detailed below, share these fees with investors through a reduction in the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees (except with respect to Side-By-Side Co-Investment Vehicles, which do not pay Advisory Fees). The amount and manner of such reduction, which is set forth in the Governing Documents of the applicable Fund, will involve applying a significant portion (as much as 100%) of Other Fees as a credit to benefit limited partners, typically expressed as a reduction to Advisory Fees to be paid to the Adviser. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Silver Lake Long Term Capital does not benefit from any such reductions in respect of its interest held through any Side-By-Side Co-Investment Vehicles. Further, if Other Fees relate solely to one or more Silver Lake Funds’ investment in a portfolio company, then such Other Fees shall only be allocated to the applicable Silver Lake Fund(s) (e.g. Other Fees related to a designated board seat granted to a Silver Lake Fund in respect of its equity investment therein shall only be allocated to such Silver

Lake Fund, and not any other Silver Lake Funds that may also be invested in such company without any right to a board seat).

#### Conflicts Relating to Payment of Other Fees

The setting of the amounts of Other Fees by portfolio companies will in some, but not all, circumstances create a conflict of interest between the Adviser and its affiliates on the one hand, and the Funds and their investors on the other hand, because the amounts of these Other Fees and reimbursements (see “*Expense Reimbursement*” below) are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. In many cases with respect to the implementation of such arrangements, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest will, in certain circumstances but not all circumstances, exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company. The Adviser determines the amount of these Other Fees for the services provided and reimbursements in its own discretion (and not necessarily on an arms-length basis), subject to agreements with sellers, buyers, and management teams, the board of directors of, or lenders to, portfolio companies, and/or third party co-investors in the transactions certain of whom the Adviser may or will control and/or over whom the Adviser exerts meaningful influence. The amount of such fees and reimbursements will not necessarily (except in connection with the reductions described above) be disclosed to investors in the Funds.

#### Payment of Stock as Other Fees

In the event that the Adviser or one or more of its managing partners or employees, on behalf of the Adviser, receives stock of a portfolio company as an Other Fee due to service of a managing director or employee of the Adviser on the board of such portfolio company or as compensation for other services provided to such portfolio company, once the Other Fees are run through the offset and limited partners are given their share of the value in accordance with a Fund’s Governing Documents, the Adviser or the recipient of stock may act in its own interest, which creates a conflict of interest between the Adviser or its managing partners or employees, on the one hand, and a Fund, on the other hand because the recipient’s interests may not be aligned with those of a Fund and the recipient may determine to sell the stock received at a different time, or on different terms, than a Fund would sell its interest.

#### *Payments Made to Third Parties*

As our investors are aware, from time to time, the Adviser and its affiliates also engage and retain senior or special advisors, advisors, consultants, and other similar professionals who are independent industry executives and not employees or affiliates of the Adviser (though such persons may have a relationship with Silver Lake, for example, by serving as an adviser or officer of one of its portfolio companies) and who receive payments from or interests in the Funds, the general partner, and/or from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, such fees or other compensation earned by such persons will be retained by them and will not be deemed to be earned by the Adviser and its affiliates. Such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors. For a discussion of the material conflicts of interest

created by the engagement of such persons, please see “*Providers of Operations Support*” in Item 11 below.

### *Expense Reimbursement*

As our investors are aware, a portfolio company will often reimburse the Adviser or a Fund for expenses incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements are not generally included in the definition of “Other Fees” under the terms of the applicable Organizational Documents and typically will not be subject to sharing arrangements described above. Such expenses that are reimbursed include, without limitation, travel expenses, which often will include expenses for chartered or first-class travel and meals and entertainment expenses (such expenses including, as applicable, those relating to the usage of premium black car and other car services, which from time to time include waiting time and in the aggregate could be substantial, and premium meals (including outside normal business hours), and social and entertainment events, including closing dinners and mementos, with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses and, in the case of certain of the Funds, compensation expenses relating to time spent by member(s) of the Operating Team (described below) in consideration of a potential investment or disposition and in effecting operational improvements for existing portfolio companies. For a discussion of material conflicts of interest created by the allocation and receipt of such expenses and reimbursements, please see Item 11 below.

## **Expenses**

### *Adviser Expenses*

To the extent provided in the Governing Documents, the Adviser will bear all costs and expenses associated with the performance of its services under the Advisory Agreement except categories of costs and expenses designated in the Governing Documents as expenses to be borne by the relevant Fund, or as set forth below as a “Fund Expense”.

### *Fund Expenses*

Over the life of a Fund, aggregate expenses to be borne by that Fund (and as a result the investors) are usually substantial and will reduce returns to investors. All costs and expenses of operating a Fund will be borne thereby. As our investors are aware, consistent with the Organizational Documents of the Funds, such costs and expenses generally include all fees, costs, and expenses directly related to the investigating, purchase, monitoring, holding and sale of securities, expenses of custodians, depositaries, legal counsel, accountants, administrators, tax advisors, consultants (including, but not limited to, consulting fees for senior or special advisors, advisors, and other similar professionals incurred by a Fund for the benefit of its portfolio company and independent representatives on behalf of a Fund, if applicable), brokers, deal

finders, agents, valuation firms or experts for valuations, appraisals or pricing services, and other advisors and professionals, information technology expenses, including licensing and maintenance fees and the costs of developing, implementing and maintaining computer software and hardware and other technological systems for the benefit of a Fund, its investments or a portfolio company or potential investment, expenses related to attending industry meetings, conferences or similar events in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated), risk management assessment expenses, and payments made to consultants and expenses related to research or to the provision of investment activity related market data and reporting (including research costs allocated by third-party groups, and including data and information service subscriptions, related systems and services from data providers and data management software). Such costs and expenses generally will also include travel (including private charter, first class, and/or business class airfare, private premium hired cars, premium lodging (including temporary housing, furnishings, etc.), ground transportation, and travel meals), insurance premiums of any director and officer liability or other insurance, including the insurance of which the Adviser and its affiliates are beneficiaries, indemnity, or litigation expense (including, without limitation, settlements of claims (whether involving alleged wrongdoing or otherwise) and payment of advisers in connection with litigation involving investment or other activities of a Fund), or the costs and expenses of any lenders, investment banks, and other financing sources. Such costs and expenses generally will also include out-of-pocket expenses incurred in connection with a Fund's legal (which includes expenses incurred in connection with complying with provisions in side letter agreements, including "most favored nations" provisions and software or licensing fees to facilitate such compliance), administrative, and regulatory compliance and approvals with U.S. federal, state, local, non-U.S., or other laws and regulations (including without limitation, expenses and other charges allocated or relating to such Fund's activities (including software, accounting, legal, consulting and other expenses involved in the preparation and filing of Form PF (for some Funds) and other regulatory filings of the Adviser, general partner and its affiliates relating to such Fund's activities, including the preparation and filing of any forms, schedules, filings, information or other documents necessary to avoid the imposition of withholding or other taxes pursuant to "FATCA" and Report of Foreign Bank and Financial Accounts)), out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) that are requested by one or more investors in a Fund, some expenses related to annual meetings of investors (for some Funds), limited partner advisory committee meetings, and investor reporting and any taxes, fees or other governmental charges levied against the Fund. In certain Funds, costs may also include charitable contributions, such as in connection with a portfolio company or potential investment, which have been reviewed in accordance with the Adviser's policies and procedures.

A Fund typically reimburses the Adviser for expenses related to the organization and marketing (including related premium travel and lodging expenses) of the Fund, as well as the expenses related to transactions which are not consummated (including expenses that would have been borne by co-investment vehicles), and such reimbursements are not subject to the fee offset arrangements with Fund investors described herein unless they exceed a limit specified in such Fund's Governing Documents, if any. The costs and expenses in connection with investigating, holding, and monitoring prospective or actual transactions are usually substantial and may include, without limitation, research expenses, travel expenses (including private charter, first

class, and/or business class airfare, private premium hired cars, premium lodging (including temporary housing, furnishings, etc.), ground transportation, and travel meals), and other expenses such as business meals. In addition, a Fund will be responsible for all fees and expenses, such as out of pocket fees associated with due diligence, attorney fees and the fees of the other professionals including legal, financial, accounting, valuation services, consulting, or other third party advisors or any lenders, investment banks, and other financing sources generated in the course of evaluating potential investments that are not consummated (“Broken Deal Costs”) and that the Adviser does not elect to pay. Out-of-pocket expenses associated with completed transactions as described in the prior paragraph, which expenses may include payments to certain advisers in connection with the consummated deal, generally will be reimbursed by portfolio companies, capitalized as part of the acquisition price of the transaction or reimbursed by the relevant Fund.

The costs and expenses of travel described herein as private charter will include (i) reimbursements for the use of private aircraft owned, partially owned or leased by one or more of the Adviser’s investment professionals or other personnel or their affiliates, and/or (ii) costs for private charter as well as first class and/or business class flights. The costs of acquiring, operating and maintaining any private aircraft owned, partially owned or leased by one or more of the Adviser’s investment professionals or other personnel or their affiliates are borne by the respective owner/lessees of such aircraft, and a Fund reimburses such owner(s), as invoiced by the Adviser (or an affiliate thereof), for costs (including overhead) relating to the use of such aircraft for business purposes of a Fund based on the current market rates determined using the lesser of amounts billed or cost as determined by an air travel calculation tool which is used in the industry. The foregoing approach is subject to modification without notice if, in the Adviser’s sole and good faith discretion, it believes such modifications are appropriate in order to ensure a Fund is bearing its reasonable approximation of costs and expenses associated with such aircraft usage (which may include an approach that results in a Fund bearing a greater share of such expenses than under previous or other available methodologies).

From time to time, the general partner of a Fund creates certain “special purpose vehicles” or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors (“SPVs”). In the event a general partner creates an SPV, consistent with the Organizational Documents of the Fund, the expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will typically be borne by the SPV, and indirectly, the investors thereof. In addition, expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund and indirectly, the investors thereof (even if such investors do not participate in any such feeder fund or similar vehicle).

#### *Co-Investment Vehicle Expenses*

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by an investor or investors alongside the Fund may be formed prior to or in connection with the consummation of a transaction. Consistent with the Governing Documents of a Fund, in the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other

expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in the making and holding of an investment.

As our investors are aware, however, if a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any Broken Deal Costs would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, absent a specific agreement to the contrary with a prospective co-investor. For example, co-investors will often not be parties to equity commitment letters or other similar obligations entered into as part of definitive agreements for the acquisitions of investments by a Fund. Similarly, co-investors, whether investing alongside a Fund or via a co-investment vehicle are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction. Furthermore, if a proposed transaction is not consummated and a co-investment vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise evaluated an investment or committed to invest in the proposed transactions), some or all of the Broken Deal Costs or Break-Up Fees are likely to be borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, but not to the co-investment vehicle or other co-investors to which the co-investment opportunity was offered.

Furthermore, the Side-By-Side Co-Investment Vehicles will typically not be allocated any share of Broken Deal Costs incurred in connection with a proposed but not consummated transaction, and are not typically allocated any share of Break-Up Fees paid or received in connection with such an unconsummated transaction. Notwithstanding the foregoing, Silver Lake Long Term Capital will be allocated its share of Broken Deal Costs incurred in connection with transactions that it would have participated in through such Side-By-Side Co-Investment Vehicles as an investor in such Side-By-Side Co-Investment Vehicles, however Silver Lake Long Term Capital will not be allocated its share of Break-Up Fees paid or received in connection therewith.

The Adviser and its affiliates have discretion to (i) receive performance-based compensation, Advisory Fees, administrative fees or other similar fees from co-investors and (ii) although the Adviser has not done so in the past, it could in the future seek to collect customary fees in connection with actual or contemplated investments that are the subject to co-investment arrangements.

#### *Allocation of Expenses*

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be allocated among multiple Funds and entities. Such allocation determinations are inherently subjective and often do present conflicts of interest for the Adviser.

The Adviser will allocate fees and expenses incurred in connection with the offering and management of a Fund between the Adviser and the Fund in accordance with the Fund's

Governing Documents, and to the extent not addressed in the Fund's Governing Documents, in the Adviser's sole discretion, in each case using good faith and its reasonable judgment.

The appropriate allocation between Funds, the Adviser, Investors and Third Parties (as defined below) of Broken Deal Costs will be determined by the Adviser and its affiliates in each case in accordance with the Fund's Governing Documents, and to the extent not addressed in the Fund's Governing Documents, in the Adviser's sole discretion, in each case using good faith and its reasonable judgment.

To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluation and making investments that are consummated between the applicable Fund(s) investing in (or proposing to invest in) such portfolio company. The Adviser will allocate fees and expenses to be borne by the Funds in accordance with the Fund's Governing Documents or to the extent not addressed in such documents or agreements in its sole discretion, in each case using good faith and its reasonable judgment. In allocating fees and expenses related to investment opportunities, the Adviser generally shall adhere to the following procedures:

- Unless circumstances exist that would call for a different result, the Adviser will allocate expenses across Funds based on each Fund's *pro rata* participation in an investment opportunity (or anticipated participation for any transaction that is not consummated) or capitalize expenses in connection with the Funds' investment, also allocated on a *pro rata* basis, subject to any applicable Fund restrictions.
- The Adviser will track and allocate fees and expenses associated with each investment opportunity (by use of deal codes or other appropriate methods).

In exercising its good faith and reasonable judgment to allocate fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. For example, a conflict of interest could arise in the Adviser's determination whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of partnership operational expenses for which such Fund is responsible, or whether such expenses should be borne by the Adviser. In addition, determinations made by the Adviser in this regard could later be determined by the Adviser after a subsequent review of allocations to be inaccurate or sub-optimal, in which case the Adviser will undertake measures to revise such allocation, including without limitation a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by the Adviser, in its subjective judgment, to be the most appropriate corrective measure. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for any particular item or service may not reflect the relative benefit derived by such Fund from that item or service in any particular instance.

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation or other fees and/or are reimbursed for certain expenses. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

As often required by a Fund's Governing Documents, the Adviser has in the past and is likely to continue to cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the limited partner advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by the Adviser that cover one or more Funds, co-investment vehicles, and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the limited partner advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among one or more Funds, co-investment vehicles, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. In the event such correction is made, it is likely that a different allocation would result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

### **Carried Interest Payments**

Please see Item 6 below regarding "Carried Interest" that Funds may pay.

### **Brokerage Fees**

To the extent the Adviser utilizes the services of broker-dealers to effect portfolio transactions for a Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

With respect to each Fund (except for Side-By-Side Co-Investment Vehicles and certain other co-investment vehicles), a portion of the profits, if any, of each such Fund generally is distributed to the Adviser as "carried interest" (the "Carried Interest"), pursuant to such Fund's Governing Documents.

The payment by some, but not all, Funds of Carried Interest, or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund), may create an incentive for the Adviser to disproportionately allocate time, services, or functions to Funds paying Carried Interest (or Funds paying Carried Interest at a higher rate), or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Governing Documents, this conflict is mitigated, at least in part, by (i) certain limitations on the ability of the Adviser to establish new investment funds; (ii) independent investment teams for each of Silver Lake Partners/Silver Lake Alpine/Silver Lake Long Term Capital, Silver Lake Waterman, Silver Lake Sumeru, and Silver Lake Kraftwerk; (iii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously if they share an investment; (iv) the existence of a Conflicts Committee to review allocation decisions, and/or (v) contractual provisions and policies and procedures setting forth investment allocation requirements and considerations. In the case of Silver Lake Partners, Silver Lake Long Term Capital and Silver



Lake Alpine, the Funds are expected to share integrated investment teams. Because it is possible there will be some overlap between the mandates of these Funds, and employees who have carry are likely to have different economic interests in one Fund than the other, this conflict may be more pronounced as between these Funds. The Adviser believes that the Allocation Policy (as described below in “Allocation of Investment Opportunities Between or Among Clients”) governing the allocation of investments between these Funds and the Conflicts Committee that will review allocation decisions will help to mitigate the impact of any such conflict. Additionally, the Adviser will devote such time as necessary to conduct the business affairs of each Fund in an appropriate manner. Please also see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser, as well as Item 12 below regarding trade aggregation.

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

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, government owned investment companies, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships and limited liability companies, or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments are typically established for investors in the Funds. The general partner of each Fund may, in its sole discretion, permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

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

The Adviser’s investment strategies are discussed in more detail below. The following descriptions are qualified in their entirety by reference to the Governing Documents and private placement memorandum of each Fund. Unless otherwise indicated, references below to a “Fund” or the “Funds” refer to those Funds that engage in the relevant strategy and not to all Funds generally; similarly, references to an “Adviser” refer to the Silver Lake advisory entity that engages in the relevant strategy, and not to the Adviser generally.

***Silver Lake Partners:*** The Funds of Silver Lake Partners (with approximately \$68.6 billion in assets under management (including committed but unfunded capital) as of December 10, 2020<sup>2</sup>) primarily focus on private investments in large scale companies within the technology, technology-enabled, and related growth industries. The Adviser intends to effect this strategy

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<sup>2</sup> Client assets include valuations of portfolio companies as of September 30, 2020 and committed but unfunded capital as of December 10, 2020. The stock prices of certain public company investments have changed in value subsequent to quarter-end, and in some cases the change may be material.

using a broad variety of investment types and transaction structures, as well as a wide range of investment securities. Transactions may take many forms, including buyouts, spinouts, strategic investments, recapitalizations, turnarounds, restructurings, strategic toehold stakes, carveouts, acquisition financing, distressed securities, and structured securities. The Funds may invest in a number of different types of securities, including common stock, preferred stock, debt, convertibles, options, warrants, and combinations thereof.

The Adviser's ideal target company has most or all of the following criteria: (i) a sustainable business model with low disruption risk, (ii) recurring revenue and consistent business model, (iii) a market leader or significant relative market share, (iv) fewer new market entrants, (v) attractive return on invested capital with sustained differentiation, (vi) and unit economics that result in cash yield. The Funds invest in companies that the Adviser believes are important participants in a variety of sectors. The Funds' investments vary with respect to size and structure. The Adviser generally expects to focus on companies with enterprise values ranging from approximately \$500 million to \$20 billion or greater. The Funds generally expect to invest between approximately \$200 million and \$1.25 billion or more in equity per company (in one or more transactions), often supplemented by third-party debt and/or co-investor equity. The Funds occasionally invest in smaller companies, particularly where such investments possess unusually high growth opportunities and, therefore, prospects for outsized risk-adjusted returns.

***Silver Lake Alpine:*** The Silver Lake Alpine Fund's strategy is primarily to pursue opportunities targeting investments in non-control, downside protected, privately negotiated structured equity and credit securities in large-cap technology, technology-enabled, and related growth companies globally. Silver Lake Alpine's strategy focuses primarily on larger enterprises.

***Silver Lake Long Term Capital:*** The Silver Lake Long Term Capital strategy has a broad mandate to invest in, among other things, early stage tech, and later stage tech opportunities that target lower risk/return credits or longer than typical hold periods than Silver Lake Alpine or Silver Lake Partners, as well as opportunities outside of the tech and tech-enabled universe. Silver Lake Long Term Capital will also invest in Side-by-Side Co-Investment Vehicles.

***Silver Lake Waterman:*** The Funds of Silver Lake Waterman primarily focus on making debt and debt-like investments in later-stage private technology, technology-enabled, and other growth companies. These privately negotiated investments generally have both debt and equity components, with a contractual return as well as equity upside. Silver Lake Waterman Fund II, L.P. is (and previously Silver Lake Waterman Fund, L.P. was) a licensed small business investment company (an "SBIC"), and participates in a longstanding public/private partnership with the U.S. Small Business Administration (the "SBA"). Silver Lake Waterman Fund II, L.P. is subject to the terms of the Small Business Investment Company Program (which is administered by the SBA) and has access to up to \$175 million of leverage (which collectively across Funds cannot exceed more than \$350 million of leverage) at a maximum 2:1 debt to equity ratio at rates that are fixed after draw for 10 years in poolings that take place twice a year. The SBA debt may be recycled throughout the Fund's investment period. Silver Lake Waterman expects to raise additional Funds, some of which intend to utilize limited partnerships that will apply for (but may not necessarily be granted) leverage from the SBA, and some that will not apply for or utilize leverage. Each Silver Lake Waterman fund has an Oversight Committee.

The Oversight Committee is composed of representatives of Silver Lake Technology Management and Silver Lake Waterman.

Silver Lake Waterman I and II Funds have targeted investments typically between \$5 million and \$25 million per fund in later-stage private companies and similar investments in public companies, if it believes that the characteristics of the investments meet the Funds' desired return and risk objectives. Silver Lake Waterman III is targeting investment sizes between \$10 million to \$75 million or more.

The Silver Lake Waterman I Fund is not making any new investments.

***Silver Lake Sumeru:*** The SLS Fund focused on private investments in middle-market companies within the technology, technology-enabled, and related growth industries. The Adviser implemented this strategy using a broad variety of investment types and transaction structures, as well as a wide range of investment securities. Transactions took many forms, including buyouts, spinouts, strategic investments, recapitalizations, turnarounds, restructurings, strategic toehold stakes, carveouts, acquisition financing, distressed securities, and structured securities. The Funds invested in a number of different types of securities, including common stock, preferred stock, debt, convertibles, options, warrants, and combinations thereof.

The SLS Fund is not making any new investments other than follow-on investments, and Silver Lake Sumeru is in the process of finding liquidity for its existing investments.

***Silver Lake Kraftwerk:*** The Silver Lake Kraftwerk Fund focused on providing growth equity capital to companies in the energy and resource sectors. Although investments varied with respect to size and structure, the Adviser expected primarily to make minority investments in equity and equity-linked securities of between \$20 million and \$75 million.

The Silver Lake Kraftwerk Fund is not making any new investments other than follow-on investments, and Silver Lake Kraftwerk is in the process of finding liquidity for its existing investments.

***Investment Approach of Silver Lake Partners, Silver Lake Alpine, Silver Lake Long Term Capital, Silver Lake Waterman, Silver Lake Sumeru, and Silver Lake Kraftwerk:***

The general investment strategy and approach of Silver Lake Partners, Silver Lake Alpine, Silver Lake Long Term Capital and Silver Lake Waterman is (and for Silver Lake Sumeru and Silver Lake Kraftwerk, was) to (i) apply deep industry sector expertise, (ii) focus on attractive business models and/or companies with core advantages, (iii) invest in growth, (iv) conduct thorough due diligence, (v) add value to portfolio companies (to a greater or lesser degree depending on the strategy), and (vi) leverage the Silver Lake organization and investment platform.

#### ***Apply Deep Industry Sector Expertise***

The Adviser believes that specialization is particularly critical within technology, since technology investing requires understanding of the associated technology, familiarity with industry-specific business models, relationships, and credibility within the sector. Moreover, technology companies regularly face crucial operating decisions relating to revenue generation,

supply chain management, and technological change. When sourcing transactions, the Adviser (i) utilizes its extensive network of relationships with industry executives and advisors to generate unique and proprietary investment opportunities and (ii) employs its sector understanding and risk assessment to devise investment formats and capital structures it believes are appropriate for the company's business plan. The Adviser structures its investments to enable investment in growth that, even if implying more conservative capital structures in certain cases, can lead to superior returns and exit alternatives. When executing transactions, the Adviser employs deep due diligence capabilities. When managing investments, to a greater or lesser degree depending on the strategy, the Adviser often assists technology executives with the value creation process by serving as an active investor and in many instances by deploying an Operating Team where applicable to the Fund's strategy (described below). Finally, when realizing investments, the Adviser uses its knowledge of technology trends, competitive landscapes, and the public and private markets to determine the timing and mode of exit, including identifying potential strategic partners for portfolio companies.

#### *Focus on Attractive Business Models and/or Companies with Core Advantages*

The Adviser focuses on well-positioned companies within the technology industry. In the technology industry, market leaders often achieve better growth and profitability than less well-positioned competitors. Market leaders often are also able to sustain their businesses and grow market share during cyclical economic downturns. Moreover, leaders help to define industry standards, benefit as customers consolidate spending, and enjoy economies of scale that bolster margins and returns. The Funds generally focus on market leading businesses and companies vying for leadership. The Funds also evaluate investments in companies that are undergoing financial distress or operational challenges but whose underlying technologies or business models form a foundation for potential future growth or leadership. Distressed companies usually are characterized by poor financial performance, impaired credits, or non-operating issues such as legal and regulatory challenges. However, these companies sometimes have strong customer bases or differentiated offerings that can be revitalized in connection with an investment.

#### *Invest in Growth*

The Adviser seeks to invest in companies that possess not only established business models and sustainable competitive advantages, but also revenue and profit growth opportunities. The Adviser targets companies whose core businesses support "base case" returns but whose embedded growth potential can generate significant upside, or persistent "alpha" that enhances exit prospects and can lead to outsized returns. The Adviser has observed that many leading technology companies, unlike many companies in other sectors, enjoy both established business and significant growth opportunities that result from sector-wide growth and dynamism. The Adviser seeks to identify companies with core business and growth prospects that are potentially undervalued by the public and private capital markets.

#### *Conduct Thorough Due Diligence*

The Adviser's intensive due diligence process follows a methodology, as applicable to a greater or lesser degree depending on the individual strategies and the particular investment, that

generally includes (i) evaluating the addressable market opportunity and the ability to compete, (ii) assessing management, (iii) evaluating underlying technology and customer satisfaction, (iv) identifying value drivers, (v) creating a fully articulated bottom-up business model, and (vi) building a “Value Creation Plan.” These elements are not listed in order of priority or importance. The Adviser’s mission is to function as a value-added partner to the management teams of technology companies competing for market leadership. Therefore, assessing the management team is a critical first step in any due diligence process. Second, the Adviser evaluates underlying technology and customer satisfaction. Third, the Adviser identifies value drivers, which are formed through a combination of company-specific due diligence investigations and the Adviser’s insights into the broader industry. Fourth, the Adviser creates a fully articulated bottom-up business model that crystallizes the business plan and translates it into projected financials and investment returns. This process also helps the Adviser to design appropriate investment formats and capital structures. Finally, in partnership with management and based on due diligence findings, the Adviser generally helps to formulate a Value Creation Plan for improving the business (to a greater or lesser degree depending on the strategy or investment). Through its thorough due diligence capabilities, coupled with its specialized sector knowledge, the Adviser seeks to create an information advantage and “alpha” in the portfolio.

#### *Add Value to Portfolio Companies*

Supplementing the Adviser’s focus on value creation, the Adviser established an internal “Operating Team” that is dedicated to effecting operational improvements in its portfolio companies. The Operating Team is specifically focused on helping existing and future portfolio companies in the Silver Lake Partners and Silver Lake Alpine portfolio identify and create business improvement opportunities, and may also provide a benefit to Silver Lake Long Term Capital, either directly or indirectly through its investments in certain Silver Lake Partners and Silver Lake Alpine Funds (and at the expense of such Funds). A number of senior advisors and special advisors to the Adviser also complement the efforts of the Operating Team. These senior advisors and special advisors, while not employees, members, personnel, or affiliates of the Adviser, are independent leading professionals who have a strategic relationship with the Adviser and are available to provide valuable advice and services to the Adviser and its portfolio companies.

#### *Leverage the Silver Lake Organization and Investment Platform*

Since its inception, Silver Lake has continuously strived to improve its investment processes and its strategy. Silver Lake has also continued to strengthen and broaden its capabilities. Enhancements over time have included: growing the number of investment and value creation professionals to approximately 100; broadening its global presence by opening offices in London and Hong Kong; forming a dedicated Operating Team to assist portfolio companies; and significantly augmenting its professional staff in finance, legal, compliance, communications, investor relations, and other administrative functions. Many synergies exist within Silver Lake’s investment platform: improved deal flow across all Funds; expansive and deep industry expertise and insight; extensive relationships; rigorous investment processes; proven investment judgment; and the benefits from shared operations. As a result, we intend for the Funds to benefit from Silver Lake’s established investment platform and market leadership.

#### Additional Notes about Silver Lake Alpine's Investment Approach:

##### *Flexible, Non-Controlling Investments*

While Silver Lake Alpine will generally not seek to make controlling investments, the Adviser expects to have an active role with the management teams and boards of portfolio companies as a result of Silver Lake Alpine's investments, and the Adviser ordinarily will not target investments resulting in passive tranche participation, though such passive participation may occur from time to time. Silver Lake Alpine will largely focus on downside-protected, non-control deals in privately negotiated instruments including preferred equity, convertible preferred equity, convertible bonds, junior and senior debt, and other loans and subordinated instruments. These opportunities may arise in connection with growth financings, strategic mergers and acquisitions, recapitalizations, leveraged buyouts, and other corporate transactions. The Adviser believes that Silver Lake Alpine's flexible investment program will allow it to selectively structure investments in target companies to include some form of downside protection greater than common equity, which is intended to mitigate the risk of capital loss.

##### *Investment Sourcing and Format*

Silver Lake Alpine is expected to pursue investments which meet its risk/return objectives, or at times investments that have been first evaluated by another Fund. From time to time, Silver Lake Alpine has in the past invested, and will likely in the future invest, in transactions involving or considered by Silver Lake Partners.

#### Additional Notes about Silver Lake Waterman's Investment Approach:

##### *Focus on Later-Stage Growth Companies*

The Adviser believes that later-stage growth companies are attractive targets for debt and debt-like investments because companies with an established core business, a track record of growth, and significant opportunities for continued expansion will find the Adviser's solution-oriented financing compelling, as it is both less dilutive and easier to integrate into existing capital structures than traditional growth equity. The Adviser will specifically focus on finding companies that generally meet any combination of the following criteria, in its view: (i) demonstrated scale, typically between \$10 million to \$75 million in revenue; (ii) a path to profitability; (iii) a predictable and repeatable sales model with high levels of customer satisfaction; (iv) a well-understood and defensible market position; (v) coherent growth plans; (vi) a strong and stable management team; and (vii) an engaged board of directors. The Adviser intends to build and manage a portfolio of 25-50 companies over the life of these Funds with these types of characteristics, diversified across sectors within the technology, technology-enabled, and other growth industries.

##### *Seek to Protect the Funds' Principal*

The Adviser is focused on protecting the principal of its mezzanine investments because such investments may have contractual interest payments, dividends and/or liquidation preferences that can create current income or capital appreciation for the Funds. The Adviser intends to invest in companies with enterprise value significantly greater than the Funds' investment

exposure. In general, the Adviser seeks to be covered by enterprise value that is at least two times the value of the Fund's mezzanine investments. Additionally, the Adviser generally will either invest in companies on a secured basis where the Funds have a senior secured lien or second lien behind a limited amount of commercial financing against all or substantially all of the assets of a business, or structure debt-like preferred equity investments that are senior to other classes of equity. The Adviser intends to utilize a rigorous and thorough due diligence process to make underwriting decisions, modeled after Silver Lake's comprehensive processes. When assessing business models and management teams, the Adviser will use its extensive experience and relationships to understand not only the long-term value drivers in a business, but also the management depth, investor syndicate, and overall team stability. In assessing exit potential, the Adviser generally will build detailed, bottom-up models based on public and private market fundamentals and seek guidance from experienced advisors, to understand a potential portfolio company's ability to complete an initial public offering or merger and acquisition exit. The Adviser generally will also build a merger and acquisition "matrix" to ascertain the range and likelihood of possible acquisition outcomes, the breadth of logical acquirers, and potential valuation ranges under a variety of scenarios.

## **Risks**

### **Risks Applicable to All Funds**

*Investing in securities or other investments involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.*

*In addition, material risks relating generally to all of the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for all of the Funds, include the following:*

***Concentration of Investments in a Single Industry:*** The Funds' portfolio companies will generally be concentrated in a single industry or sector, namely technology. Concentration in a single industry involves risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The industry in which the Funds invest is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, services and/or improvements in existing products, and evolving global trade regulations and restrictions. The Funds' portfolio companies will compete in this volatile environment. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services (which risk is heightened when investing in technology or tech-enabled companies) or that the portfolio companies will not be adversely affected by other challenges including from the global macro environment. Instability, fluctuation, or an overall decline within a single industry or sector will likely not be balanced by investments in other industries not so affected. In the event that such industries or sectors as a whole decline, returns to limited partners are likely to decrease.

***Risk in Effecting Operating Improvements:*** In some cases, the success of a Fund's investment strategies will depend, in part, on the ability and the effectiveness of the Adviser's efforts to improve the operating performance of portfolio companies following investments. Initiatives that

may need to be taken in an effort to achieve improvements in operating performance include, among others, introductions of new products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to the achievement of improved operating performance is difficult and often requires substantial resources. The capabilities and resources of a portfolio company, even with the assistance of the general partner and the Adviser, may be insufficient to effect such proper identification and implementation, and there can be no assurance that portfolio companies will be successful in achieving improvements in operating performance. The failure to achieve improved operating results following investment may lead to losses or poor returns on investments.

***General Economic and Market Conditions:*** The technology sector generally and the success of the Funds' investment activities in particular will both be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which the Funds may invest. These factors affect the level and volatility of securities prices and the liquidity of the Funds' portfolio investments, which could impair the Funds' profitability or result in losses. In addition, general fluctuations in the market prices of securities and interest rates affect the Funds' investment opportunities and the value of the Funds' portfolio investments. The Adviser's financial condition may be adversely affected by a significant economic downturn, and it is subject to legal, regulatory, reputational, and other unforeseen risks that could have a material adverse effect on the Adviser's businesses and operations (including those of the Funds). A sustained downturn in the U.S. or global economy (or any particular segment thereof) will have a pronounced impact on the Funds and could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively deploy its capital or realize portfolio investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

***Coronavirus and Public Health Emergencies.*** As of the date of this filing, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity, contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The extent and duration of such negative impact, to the private equity industry and global markets as a whole, is currently unknown. The global ramifications of the outbreak are rapidly evolving, and many countries have reacted by instituting (or strongly encouraging) quarantines, prohibitions on travel, the closure of offices, businesses, factories, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Many businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in the



global public and private markets, supply chains and economic activity and are especially impactful on transportation, hospitality, tourism, entertainment and other industries. Moreover, with the continued spread of COVID-19, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession (which recessions some financial experts opine have already arrived), are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could negatively impact a Fund and its portfolio companies and could meaningfully affect a Fund's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on a Fund's and its portfolio companies' operational and financial performance will depend on many factors, including but not limited to the duration and scope of such public health emergency, the extent of any related travel advisories and voluntary or mandatory government restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, the extent of government support and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may negatively impact the value and performance of a Fund's portfolio companies, a Fund's ability to source, manage and divest investments (including but not limited to circumstances where potential transactions are already signed but not closed) and a Fund's ability to achieve its investment objectives, all of which could result in significant losses to a Fund. Any such disruptions may continue for an extended period of time. In addition, the operations of a Fund, its portfolio companies, and the Adviser may be significantly impacted, or even temporarily or permanently halted (as is already the case with certain businesses within the Fund's portfolio), as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers. The impact to businesses in such circumstances has been and is expected to continue to be substantial.

In connection with the impacts of the current pandemic and any future such public health crisis, a Fund is expected to incur heightened legal expenses which could similarly have an adverse impact to a Fund's returns. For example, but not by limitation, a Fund or its portfolio companies may be subject to heightened litigation and its resulting costs, which costs may be significant and are expected to be borne by a Fund and/or its portfolio companies. There is also a heightened risk of cyber and other security vulnerabilities during the current public health emergency and any future one, which could result in adverse effects to a Fund or its portfolio companies in the form of economic harm, data loss or other negative outcomes.

***Financial Market Fluctuations:*** Turmoil such as that currently being experienced by the U.S. and global financial markets as a result of the ongoing COVID-19 pandemic, and such as markets endured during the global financial crisis of 2008, illustrates the risk that the financial markets can experience uncertainty, volatility and instability, potentially for protracted periods of

time. Lending and the global credit markets may experience substantial volatility, disruption, liquidity shortages and to some extent financial instability. Global financial markets in the past have experienced considerable and prolonged declines in the valuations of equity and debt securities and periodic acute contraction in the availability of credit. These financial market fluctuations may adversely affect the value of a Fund's investments and/or increase the risks associated inherent in a Fund's investments. The ability of companies, businesses, projects or assets to refinance debt securities depends on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets. The state of global credit markets, coupled with the uncertainty of the global financial system generally, makes it significantly more difficult than had been in the recent past for financial sponsors to obtain favorable financing terms for its investments. There can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of a Fund's portfolio companies (including with respect to performing under or refinancing their existing obligations), its access to capital or leverage, its ability to effectively deploy its capital or realize investments on favorable terms or its overall performance.

Furthermore, market conditions may unfavorably impact a Fund's ability to secure leverage on terms as favorable as more established borrowers in the market, or to obtain any leverage on commercially feasible terms. To the extent a Fund is able to secure financing for investments, increases in interest rates or in the risk spread demanded by financing sources would make the partial financing of investments with indebtedness more expensive and could limit such Fund's ability to structure and consummate its investments. A Fund's investment strategy and the availability of opportunities satisfying a Fund's risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the financial markets and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast, or predict future events, and, in any event, past performance is not indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by the Adviser will prove correct, and actual events and circumstances may vary significantly.

**Leverage:** The Funds intend to utilize leverage directly and indirectly. The use of leverage will increase the volatility of a Fund. While the use of borrowed funds will increase returns if a Fund earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage will decrease returns if a Fund fails to earn as much on such incremental investments as it pays for such funds or will magnify a loss in the event the investment does not succeed as anticipated. The effect of leverage may therefore result in a greater decrease in the net asset value of a Fund than if the Fund were not so leveraged.

In certain situations, more than one investment purchased by a Fund with the use of leverage may be held with the same bank, custodian or dealer. In such instances, these multiple leveraged investments may be linked and used to "cross-collateralize" the borrowings of the Fund. Because such investments may be "cross-collateralized", a Fund could experience concurrent liquidation on multiple investments to satisfy its borrowing obligations. Limited partners may also have an interest in certain portfolio companies that is disproportionate to their exposure to leverage through cross-collateralization on other portfolio companies. For example, if a limited partner is excused or excluded from an investment in a portfolio company, through cross-collateralization, they may nevertheless be indirectly exposed to risks associated with leverage

on portfolio companies in which they are not invested and distributions from unrelated portfolio companies may be used to satisfy obligations with respect to such portfolio company, in which case limited partners without exposure to such investment may receive such proceeds later than they otherwise would have, in a reduced amount, or not at all.

***Credit Facilities and Lines of Credit:*** The Adviser in the past has obtained, and may again in the future obtain, one or more revolving or other credit facilities which are secured by the capital commitments of the investors of the Funds, and could be secured by other assets of the Funds as well. Such Fund or Funds are permitted to, and do, use such credit facilities to cover Fund expenses or Advisory Fees, provide interim financing for an investment in anticipation of the receipt of permanent financing or capital contributions or distributions, or fund some or all of the capital necessary for certain investments in accordance with a Fund's Governing Documents if the Adviser determines that such leverage is desirable in light of the investment objectives of a Fund (and while the Adviser currently expects that such borrowings will generally be interim in nature, asset level leverage (as opposed to interim financing), will not be subject to any limitations regarding the length of time such leverage may remain outstanding under the Governing Documents of the applicable Fund). In the event of a failure to pay or other event of default under any such credit facility, the lenders could require investors to fund their entire remaining unpaid capital commitments. In addition, in the event that the lenders require investors whose capital commitments have been pledged to fund their capital commitment to repay indebtedness, the failure of certain of those investors to honor their capital commitments could result in the remaining investors' repayment obligations exceeding their pro rata share of the indebtedness. In addition, such borrowings may limit the investors' ability to use their interests in a Fund as collateral for other indebtedness.

Required repayments of debt and related interest can adversely affect a Fund's operating performance. Certain of the Funds, including but not limited to Silver Lake Partners V, L.P. ("SLP V"), Silver Lake Partners VI, L.P. ("SLP VI") and Silver Lake Alpine, L.P. ("SLA I") already have, or are expected to have, significant credit facilities as well as holding and operating company debt (for which such Silver Lake Funds have in the past provided a guarantee or equity support agreement), each of which may be subject to these various risks. A Fund may also incur additional debt in connection with future acquisitions of investments by the Fund's portfolio companies. A Fund, in some instances, may borrow under its existing credit facility or borrow new funds to finance the acquisition of new investments. In addition, a Fund may incur or increase its leverage by obtaining loans secured by a portfolio of some or all of the portfolio companies acquired by the Fund. In the event that a Fund is unable to repay any credit facility borrowings from its cash flows, the Fund may be required to dispose of an investment to repay the lender(s). If a Fund is required to dispose of an investment in order to repay lender(s) at an inopportune time or on an expedited basis, it may not realize as much value upon such disposition, if any, as it would receive in connection with an orderly disposition. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return, which interest will begin accruing when capital contributions to fund investments, or repay borrowings used to fund investments, are actually made to the relevant Fund (not when the line is drawn). In light of the foregoing, the general partner of a Fund has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments.

Furthermore, the Funds' credit facilities may contain customary restrictions, requirements and other limitations on a Fund's ability to incur indebtedness, including customary financial covenants and asset-level covenants in the case of non-recourse financing. A Fund's ability to borrow under its credit facilities and, in certain cases, its ability to respond to changes in the performance of its investments are subject to these financial and other covenants. A Fund may also have to pay break funding costs if it satisfies a debt fully or partially within a certain period of incurring the debt. A Fund may be limited in its ability to respond to changing operational circumstances with respect to an investment in ways it would have done had it not been subject to asset-level covenants.

It is expected that the costs to limited partners relating to the maintenance and/or use of a subscription line of credit, including relating to the drawdown on that line of credit, will be significant and there can be no guarantee that the benefit to limited partners from a Fund using a line of credit will be commensurate with the costs. Where a line of credit is used for longer term financing needs, capital calls are expected to occur less frequently and as a result may require larger capital calls than might be the case without use of the line, and such larger capital calls could lead to an increased risk of limited partner default.

To the extent that a Fund co-invests with any vehicles managed or controlled by Silver Lake, including any other Silver Lake Funds, vehicles and accounts (including vehicles formed to permit Silver Lake professionals to co-invest alongside a Fund), such Fund may incur indebtedness and guarantee obligations together with such vehicles on a joint and several or cross-collateralized basis (which may be on an investment-by-investment or portfolio-wide basis). While such arrangements may be joint and several with respect to the applicable Fund, such arrangements may not necessarily impose reciprocal joint and several obligations on such vehicles. As a result of the incurrence of indebtedness on a joint and several or cross-collateralized basis, a Fund may be required to contribute amounts in excess of its pro rata share, including additional capital to make up for any shortfall if such vehicles are unable to repay their pro rata share of such indebtedness. Moreover, a Fund could also lose its interests in performing investments in the event such performing investments are cross-collateralized with poorly performing or non-performing investments, including investments in other vehicles or Funds.

**Valuation of Assets:** There is no actively traded market for many of the securities owned by the Funds. When estimating fair value, a methodology is applied in light of the nature, facts, and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available, or valuing securities in times of great market volatility such as in the current market environment, is based on inherent uncertainties and subjective judgements, and the resulting values will likely differ from values that would have been determined had an active market existed for such securities, or had there been less market volatility, and will likely or may differ from the prices at which such securities may ultimately be sold. The Adviser has engaged an independent third-party valuation firm to provide valuation services for the majority of the securities owned by the Funds, which the Adviser believes may mitigate any potential conflicts of interest that may arise from the fact that valuations impact the Adviser's track record.

***Potential Illiquidity of Fund Investments:*** The market value of the Funds' investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions and economic conditions in particular industries, the condition of financial markets, and the financial condition of the issuers of the Funds' investments. In addition, the lack of an established, liquid secondary market for some of the Funds' investments would likely have an adverse effect on the market value of the Funds' investments and on the Funds' ability to dispose of them. Additionally, the Funds' investments may be subject to certain transfer restrictions that, in such cases, would likely also contribute to illiquidity. Therefore, no assurance can be given that, if a Fund is determined to dispose of a particular investment held by the Fund, it could dispose of such investment at the prevailing market price. Such illiquidity would likely adversely affect the price and timing of liquidation of the Fund's investments.

Some of a Funds' investments may consist of securities that are subject to restrictions on resale by the Fund because they were acquired in a "private placement" transaction or because the Fund is deemed to be an affiliate of the issuer of such securities. Generally, a Fund will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, a Fund may be deemed to be an underwriter or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under the Securities Act.

***Projections:*** Projected operating results of a company on which the Advisers may, in part, base the Funds' investment decisions normally will rely on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections, especially in times of market dislocation or upheaval. In the current environment, in light of the unprecedented and widespread implications of COVID-19, the uncertainties around assumptions are heightened substantially beyond what they otherwise might be relative to times of previously experienced market volatility. For example, projections entail assumptions regarding the timing in which the impacts of COVID-19 will begin to dissipate. While the Adviser has used, and will continue to use, its good faith judgment based on information available at the time to make these projections, there can be no guarantee that the assumptions will prove to be correct with the benefit of hindsight.

***No Assurance of Investment Return:*** None of the Funds, the Advisers, and their respective affiliates can provide any assurance whatsoever that a Fund will be successful in choosing, making, and realizing investments in any particular company or portfolio of companies. There is no assurance that a Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any limited partner will receive any distributions from a Fund. Accordingly, an investment in a Fund should only be considered by persons for whom a speculative, illiquid, and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past performance of

investment entities associated with Silver Lake and its affiliates is not indicative of future results. There can be no assurance that a Fund will achieve its investment objectives or that performance objectives of the Fund will be achieved.

***Investments in Levered Companies:*** While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. A Fund's investments may involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks (as well as particular risks associated with investing in technology companies described above) may have a more pronounced effect on the profitability or survival of such companies. In addition, this leverage could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, a Fund may suffer a partial or total loss of capital invested in the portfolio company.

***Risk of Limited Number of Investments; Dependence on Performance of Certain Investments:*** The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all of a Fund's investments cannot reasonably be expected to perform well, or even return capital, for the Fund to achieve above-average returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, other than as set forth in a Fund's Governing Documents, investors have no assurance as to the degree of diversification of the Fund's portfolio investments, either by geographic region or asset type. To the extent a Fund concentrates investments in a particular issuer, industry, security, or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto.

***Highly Competitive Market for Investment Opportunities:*** The activity of identifying, completing, and realizing attractive investments that fall within a Fund's investment objective is highly competitive, involves a high degree of uncertainty and generally will be subject to market conditions. The Funds will be competing for investments with other private investment vehicles, as well as individuals, companies, financial institutions, pension funds, sovereign wealth funds and other investors. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many such existing funds have grown in size), including a growing number that focus heavily on the technology sector. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Competition for appropriate investment opportunities has increased in the past and may continue to increase in the future, which may also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. Participation in auctions will also increase the pressure on the Fund with respect to pricing of a transaction. Moreover, the Funds will incur bid, due diligence, or other costs on investments which may not be successful. As a result, a Fund may not recover all of its costs, which would adversely affect returns. Additionally, competition for investment opportunities from other investment vehicles has increased on a global scale. Private equity and other funds, whether

located in Europe, Asia or other emerging market regions, are making global competition increasingly intense. While the Adviser has offices in certain locations outside of the U.S., there can be no assurance that such offices will provide for a local footprint that equals the resources available to funds that are headquartered in such non-U.S. jurisdictions or have a larger presence in such jurisdictions. The addition of new non-U.S. sponsors to the market, as well as any reductions or changes in staffing or closing of any non-U.S. offices by the Adviser (possibilities for which there can be no assurance they will not occur) could intensify this effect. There can be no assurance that a Fund will be able to locate, complete, and exit investments which satisfy the Fund's investment objective, or realize upon their values, or that it will be able to invest fully its committed capital.

***Minority Investments; Investments with Third Parties:*** The Funds have in the past invested, and are expected in the future to invest, in minority positions of companies and in companies for which the Funds have no right to appoint a director or otherwise exert significant influence or protect their position. In such cases, the Funds will be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Funds are not affiliated and whose interests may not fully align with, or could conflict with, the interests of the Funds.

The Funds may co-invest with third parties through joint ventures or other entities. Such investments involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or may be in a position to take (or block) action in a manner contrary to the Funds' investment objectives. In addition, the Funds may in certain circumstances be liable for the actions of their third-party co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

***Investments Longer than Term:*** A Fund expects to make investments that may not be advantageously disposed of prior to the date that such Fund will be dissolved, either by expiration of such Fund's term or otherwise. Although the general partner of such Fund expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution as the general partner has a limited ability to extend the term of a Fund, such Fund may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of dissolution, and possibly at a disadvantageous price. Additionally, the general partner may make follow-on investments or capital calls for expenses and/or borrowings after the expiration of a Fund's term and/or may delay liquidation of a Fund's portfolio investments if the general partner determines that such decisions would better maximize the value of the Fund's investments. In addition, although upon the dissolution of a Fund its general partner is generally required to use reasonable efforts to reduce to cash and cash equivalents the assets of such Fund (as the general partner shall deem it advisable to sell, subject to obtaining fair market value for such assets and any tax or other legal considerations), there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the limited partners of such Fund will occur.

***Intellectual Property:*** Companies in the technology, technology-enabled, and other growth industries are often highly dependent upon intellectual property. Accordingly, an investment in a Fund involves a higher level of risks than an investment that is diversified across sectors that are less dependent upon intellectual property value. A Fund may be dependent upon the value of its portfolio companies' intellectual property. Portfolio companies may incur substantial costs to protect intellectual property, including litigation to enforce intellectual property rights and defend against intellectual property violation claims from other companies. Litigation involves a high degree of uncertainty. If the portfolio companies are unable to protect the value of their intellectual property or are found to violate other companies' intellectual property rights, or incur substantial legal costs, the value of the portfolio investments could be materially impaired, and a Fund could incur losses.

***Investment in Restructurings:*** Certain Funds may make investments in restructurings, or previous investments may become subject to restructurings, which in each case may involve portfolio companies that are experiencing, or are expected to experience, severe financial difficulties, which may never be overcome and may cause a portfolio company to become subject to bankruptcy proceedings. Portfolio companies experiencing financial distress may have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage that require servicing. Such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities, which may exceed the value of a Fund's original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed, or may be found liable for damages suffered by parties as a result of such actions. Portfolio companies experiencing financial distress may have greater potential legal exposure including to potential litigation against the company and/or its officers and directors, which would contribute to increased expenses in the nature of defense costs or otherwise. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to the limited partners may be reclaimed if any such payments or distributions are later determined to have been a fraudulent conveyance or a preferential payment or a similar transaction under applicable bankruptcy and insolvency laws (including under applicable laws of the jurisdictions through which a Fund will invest). This risk is amplified where a Fund has governance rights, as board members may be subject to additional investigation by a creditor's committee or trustee, and subject to potential liability for actions the board took. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims or recharacterize investments made in the form of debt as equity contributions. Securities of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than securities of companies not experiencing financial difficulties, and distressed companies may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. The market prices of such securities are subject to erratic and abrupt market movements and the spread between bid and asked prices may be greater than normally expected.

***Speculative Nature of Investments in Distressed Debt:*** The Funds may invest in distressed debt



securities and instruments. Investments in distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage. Distressed companies may have further inability to service their debt obligations during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing, and may be unable to repay debt by refinancing.

The value of distressed debt securities and instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities and instruments. Distressed debt securities and instruments are often more sensitive to company-specific developments and changes in economic conditions than other securities and instruments. Furthermore, distressed debt securities and instruments are often unsecured and may be subordinated to senior debt.

***Convertible Securities:*** The Funds have in the past invested, and are expected in the future to invest in convertible securities, which are bonds, debentures, notes, preferred stocks, or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted, or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics, and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

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

***Investments in Less Established Companies:*** The Funds may invest a portion of their assets in the securities of less established companies, growth-stage or early stage companies. To the extent there is any public market for the securities held by the Funds, such securities generally are subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Oftentimes, such companies also have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Early stage enterprises usually do not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment therein. The foregoing factors also increase the difficulty of valuing such investments. In addition, there can be no

assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments.

***Middle-Market Companies:*** The Funds may invest in small and/or less well-established companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification, and competitive strength of larger corporations. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. In addition, due to thin trading in some of those securities, an investment in those securities may be less liquid than an investment in many larger capitalization stocks. When making large dispositions, the Fund may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

***Investments in the Sports Sector:*** A Fund may make investments in the sports sector. Such investments may include, but are not limited to, technology-enabled or related growth investments. There are numerous interdependencies in this sector, and as such, challenges in one area may have a disproportionate impact on the success of the investment as a whole. For example, revenue streams in the sports sector have historically been and are expected to continue to be challenged by various factors, including, but not limited to, the popularity of a certain sport or team, sponsorship revenue, retail, merchandising, apparel & product licensing revenue through product sales, broadcasting revenue through the frequency of appearances, performance based share of league broadcasting revenue and match day revenue through ticket sales. As such, the success of portfolio companies in this sector will be dependent on the popularity of the corresponding league or leagues (or league equivalent, depending upon sport) and the degree of success the sports team will achieve, which is expected to directly influence fan enthusiasm, which in turn is expected to impact viewership and advertising revenues.

In addition, the success of a sports team is highly dependent on the talent of members of their management, coaching staff and players, and there is often high turnover among players and staff. Competition for talented players and staff is, and is expected to continue to be, intense. A sports team's ability to attract and retain talent impacts, among other things, its ability to win (including beyond regular season) and to attract and retain fans. Talent attraction and retention is consequently critical to the business, results of operations, financial condition and cash flows of the team. Past performance of a sports team with regard to each of these factors is not indicative of future success, and failure in any one area could result in a material negative effect on the results of a company's operations. Moreover, the governing bodies of sports leagues have imposed, and may impose in the future, various rules, regulations and other restrictions and directives in various forms, any of which could have a material negative effect on the business of a company owner of a sports team and its results of operations, or on a Fund itself. In the event of a public health emergency, pandemic, or any other situation that could adversely impact the ability of a team to play, and/or for the whole sport to play, whether for one or more games, or a season or more, such a situation could adversely impact any companies that are in any way dependent on the sports sector to generate revenue, potentially meaningfully so. As currently being seen with COVID-19, in the event of a public health emergency, pandemic, or any other

situation that could adversely impact the ability of a team to play, and/or for the whole sport to play, whether for one or more games, or a season or more, such a situation could adversely impact any companies that are in any way dependent on the sports sector to generate revenue, potentially materially so. This includes not only sports teams themselves, but companies that sell sports equipment or memorabilia, provide tickets to sporting events, own or run the stadiums that host sporting events, broadcast sports and more.

***Investments in Media and Entertainment Companies:*** A Fund may make investments in the media and entertainment sector. Such investments may include, but are not limited to, technology-enabled or related growth investments. The success of media and entertainment companies depends substantially on consumer tastes and preferences that change in often unpredictable ways. Such companies must often make large investments in products (e.g., film production, television programming, broadcast rights, etc.) before knowing the extent to which such products will earn consumer acceptance. If a media company's entertainment offerings and products do not achieve sufficient consumer acceptance, revenue from advertising sales, affiliate fees, subscription fees, theatrical film receipts, licensing rights, merchandise, etc. may decline or fail to grow to the extent anticipated when making investment decisions and thereby adversely affect the profitability of such company. The increasing number of choices available to audiences, including low-cost or free choices, could negatively impact not only consumer demand for media and entertainment companies products and services, but also advertisers' willingness to purchase advertising from such companies. Such companies compete for the sale of advertising revenue with television networks and stations, as well as other advertising platforms, such as radio, print and, increasingly, online media. Additionally, the success of companies in this space is increasingly dependent on their ability to successfully adapt to shifting patterns of content consumption through the adoption and exploitation of new technologies. This trend has impacted the business model for certain traditional forms of distribution, as evidenced by the industry-wide decline in ratings for broadcast television, the reduction in demand for home entertainment sales of theatrical content, the development of alternative distribution channels for broadcast and cable programming and declines in subscriber levels for traditional cable channels. Additionally, the value of a media company's intellectual property rights is dependent on the scope and duration of such rights as defined by applicable laws in the U.S. and abroad and the manner in which those laws are construed. If those laws are drafted or interpreted in ways that limit the extent or duration of such rights, or if existing laws are changed, a company's ability to generate revenue from its intellectual property may decrease, or the cost of obtaining and maintaining rights may increase. The unauthorized use of intellectual property may increase the cost of protecting rights to intellectual property or reduce our revenues. The convergence of computing, communication, and entertainment devices, increased broadband internet speed and penetration, increased availability and speed of mobile data transmission and increasingly sophisticated attempts to obtain unauthorized access to data systems have made the unauthorized digital copying and distribution of films, sports, television productions and other creative works easier and faster and protection and enforcement of intellectual property rights more challenging. The unauthorized distribution and access to entertainment content represents a significant challenge for intellectual property rights holders. Inadequate laws or weak enforcement mechanisms to protect entertainment industry intellectual property in one country can adversely affect the results of a company's operations worldwide, despite efforts to protect its intellectual property rights. See "Intellectual Property" above for additional information. In

the event of a public health emergency, pandemic, or any other situation that could adversely impact the media and entertainment industry (for example, but not by limitation, where it is not feasible to attend live entertainment events), whether for an isolated event or for a series of events or protracted period of time, such a situation could adversely impact any companies that are in any way dependent on the media/entertainment sectors to generate revenue, potentially meaningfully so.

***Future Investment Techniques and Instruments:*** Subject to the terms of the Governing Documents and applicable law, whether or not specifically described herein, a Fund may employ a variety of investment techniques and invest in instruments that the general partner believes will help achieve a Fund's investment objectives. Such investments may entail risks not described herein. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may not perform as anticipated for reasons within or outside of the Adviser's control. In the event such an investment is unsuccessful, this could result in losses to a Fund. In addition, any new investment strategy or technique developed by a Fund may be more speculative than previous investment strategies and techniques that have already been used and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in a Fund.

***Highly Volatile Instruments:*** The prices of derivative instruments, including credit default swaps, forward contracts, swaps, and options are highly volatile. Price movements of forward contracts and other derivative contracts in which a Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationship, trade, fiscal monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene directly by regulation in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. A Fund is also subject to the risk of failure of any exchange on which its positions trade or of their clearing houses.

***Sovereign Risk:*** The right of certain portfolio companies of a Fund to generate, produce or sell its products may be granted by or derive from approval by governmental entities and are subject to special risks, including the risk that the relevant governmental entity will exercise sovereign rights and take actions contrary to the rights of a Fund or the relevant portfolio company under the relevant agreement. There can be no assurance that the relevant governmental entity will not legislate, impose regulations, or change applicable laws or act contrary to the law in a way that would materially and adversely affect the business of any portfolio company.

***Investments in Public Companies:*** A Fund's investment portfolio has in the past contained, and is expected in the future to contain, securities or instruments issued by publicly held companies. Such portfolio investments subject the Funds to risks that differ in type or degree from those involved with portfolio investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities or instruments at certain times, increased likelihood of shareholder litigation against

such companies' board members and the company itself, and increased costs associated with each of the aforementioned risks.

***Debt Investments:*** The Funds may invest in debt, which could include leveraged loans, high yield bonds or other instruments or securities. A material portion of the portfolio of certain prior Funds, including one or more Silver Lake Partners and Silver Lake Alpine Funds, has consisted of debt instruments and securities. Investing in debt can create various risks for the Funds. For example, debt investments will typically not provide the holders with any governance rights, and so the Funds' ability to influence the success of the portfolio company may be significantly limited. In addition, the market for selling debt may not be as liquid as the market for selling public equity securities, which may impair the ability of the Funds to sell the investment at the opportune time. The Funds' investment may be in debt which is subordinate to other outstanding indebtedness of a portfolio company, which exacerbates the risk that the value of the investment will be impaired if the portfolio company does not perform. If the debt investment is in a portfolio company in which the Fund or another Fund holds an equity investment, there is a risk that the Fund's debt investment could be subjected to equitable subordination or recharacterization, either of which would potentially impair the value materially. Conversely, one Fund may hold equity that is subordinate to the debt held by another Fund or Funds.

***Investments in Private Companies:*** The Funds are expected to invest in large part in privately held companies, which increases the risk of investing in such Funds. These companies will sometimes be smaller in scale and less capitalized than larger, more established businesses, and therefore particularly susceptible to economic downturns. These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. There may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality. In addition, privately-held companies may have higher degrees of managerial risk due to a dependence upon a smaller number of managers. For these reasons, investments in private companies involve a high degree of risk and uncertainty, and therefore may cause the Funds to incur losses.

***Additional Capital:*** The companies in which the Funds invest from time to time require or would benefit from additional financing to satisfy their working capital requirements, business development strategies, or other business objectives. The amount of such additional financing needed will depend upon a number of factors including the maturity and objectives of the particular portfolio company. Each such round of financing (whether from a Fund or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone or the envisioned objective. If the funds provided are not sufficient, a portfolio company may have to raise additional capital at a price unfavorable to the existing investors, including a Fund. A Fund may make additional equity and/or debt investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such a portfolio company in order to preserve its proportionate ownership when a subsequent financing is planned, or to protect its investment when such portfolio company's performance does not meet expectations. Conversely, a Fund may elect not to make an additional equity and/or debt investment even where it has available funds, based on the

Adviser's business judgment, for example, regarding the long-term prospects of the portfolio company. To the extent a portfolio company receives additional funding in subsequent financings and such Fund(s) does not participate in such additional financing rounds, the equity interests of such Fund(s) in such portfolio company will be diluted. The availability of capital is generally a function of market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary or optimal for success or that additional funds will be available from any source or at terms that are acceptable to the Fund and/or the portfolio company. Accordingly, it is possible that one or more of the portfolio companies of the Funds will be unable to raise additional financing, resulting in a loss for such Fund and a negative impact on returns to limited partners of such Fund.

***Non-U.S. Investments:*** Certain Funds invest, or are expected to invest, a portion of their aggregate capital commitments outside of the U.S. In addition, a Fund may invest in companies that are organized, headquartered or principally operated in the United States that have material subsidiaries or operations in, material sales to or other material exposure to foreign countries. Investments in and/or other material exposure to foreign countries involve certain risk factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which a Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; and (v) less developed corporate laws regarding creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors. Additionally, the legal systems of some non-U.S. countries lack transparency or could limit the protections available to foreign investors, and a Fund's investments may be subject to nationalization and confiscation without fair compensation. Furthermore, political and social instability in the country in which a Fund invests could adversely affect such Fund's investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic, and social conditions and popular unrest in opposition to government policies that facilitate direct foreign investment. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In addition, in some countries there is greater acceptance than in the United States of government involvement in commercial activities, and corruption. A Fund generally does not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic or social instability, or other economic or political

developments could adversely affect the assets of a Fund held in a particular country. Furthermore, in spite of the Adviser's policies and procedures, portfolio companies and/or their affiliates, particularly in cases where a Fund does not control such portfolio company, may engage in activities that could result in a violation of the U.S. Foreign Corrupt Practices Law (the "FCPA"). Any determination that the Adviser has violated the FCPA, other applicable anti-corruption laws or anti-bribery laws could subject the Adviser, a Fund or a portfolio company to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Adviser's business prospects and/or financial position, as well as a Fund's ability to achieve its investment objective and/or conduct its operations.

**CFIUS:** The actions of the Committee on Foreign Investment in the United States ("CFIUS"), an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person and certain other transactions involving foreign investment, may adversely impact the prospects of a portfolio company in the context of mergers with, or acquisitions by, a foreign person. CFIUS may recommend that the President block such transactions, or CFIUS may impose conditions on such transactions, certain of which may materially and adversely affect the Fund's ability to execute its investment strategy. In addition, the CFIUS process will continue to evolve. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act ("FIRREA") was enacted into law and has broadened the jurisdiction of CFIUS with respect to certain investments, including by expanding its reach to investments in certain companies that do not confer potential control over a U.S. business by a foreign person. In addition, certain of the Funds' investors are non-U.S. investors, and in the aggregate, are expected to comprise a substantial portion of the Funds' aggregate commitments, which increases both the risk that investments may be subject to review by CFIUS, and the risk that limitations or restrictions will be imposed by CFIUS or other non-U.S. regulators on the Funds' investments. In the event that restrictions are imposed on any investment by the Funds due to the non-U.S. status of an investor or other related CFIUS or national security considerations, subject to the terms of a Fund's Governing Documents, the general partner may take such actions as the general partner, in its sole discretion, deems necessary to comply with any CFIUS directive or order. However, there can be no assurance that any restrictions implemented on any such investor will allow the Funds to maintain, or proceed with, any investment or sale of a portfolio company. The outcome of the CFIUS process may be difficult to predict, and there is no guarantee that, if applicable to a portfolio company, the decisions of CFIUS would not adversely impact a Fund's proposed or actual investment in such company. The CFIUS risks described herein are not limited to the Funds and would similarly apply depending upon the ownership interest of the Adviser, which ownership could change over time.

**Collateral Risk:** Even if a Fund makes investments that the general partner believes are secured by specific collateral the value of which initially exceeds the principal amount of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, a Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment. Under certain circumstances, collateral securing an investment may be released without the consent of a

Fund. Moreover, a Fund's investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, a Fund may not have priority over other creditors as anticipated. Furthermore, a Fund's right to payment and its security interest, if any, will be subordinated to the payment rights and security interests of the senior lender or lenders, if any. Certain of these investments may have interest-only payment schedules, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, a portfolio company's ability to repay the principal of an investment will be dependent upon a liquidity event or the long-term success of such portfolio company, the occurrence of which is uncertain.

***Credit Risk and Interest Rate Risk:*** Debt investments are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities which are rated by rating agencies are often reviewed and may be subject to downgrade. A Fund cannot guarantee the adequacy of the protection of the Fund's interests, including the validity or enforceability of loans, the adequacy and/or liquidity of collateral securing an investment, maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Fund cannot assure that claims may not be asserted that might interfere with enforcement of the Fund's rights. In the event of foreclosure, the Fund or an affiliate of the Fund may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in loss to the Fund. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss. The Fund may be adversely impacted in the case of any of these foregoing events, perhaps materially so.

"Interest rate risk" refers to risks associated with market changes in interest rates. Rising or falling interest rates may have adverse or positive effects on investments made by the Fund, as well as on the Fund's financing arrangements.

***Additional information about LIBOR; SOFR:*** On July 27, 2017, the head of the UK Financial Conduct Authority ("FCA") announced that the FCA intends to stop encouraging or compelling banks to submit rates for the calculation of LIBOR after 2021. As of the date hereof, the continued use of LIBOR as benchmark for floating rate business loans and for lending arrangements such as any credit facility is anticipated to be phased out no later than the end of 2021. It is possible that the LIBOR administrator and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021. The elimination of a reference rate or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates.

There remains uncertainty regarding the likely replacement benchmark rate for LIBOR. As such, the potential effect of a transition away from LIBOR on a Fund or the financial instruments



in which a Fund invests cannot yet be fully determined. However, actions by regulatory authorities, financial institutions or others to phase out or eliminate LIBOR or to propose or require transition to a particular alternative rate (the “Benchmark”) in a certain manner upon the occurrence of one or more future events may cause one or more of the following, among other things, to occur: (i) an increase in the volatility of LIBOR prior to the consummation of any such change; (ii) an increase in the portion of investments and temporary investments that calculate interest based on a benchmark rate other than LIBOR or bear interest at a fixed rate (which may result in decreased interest payable with respect to one or more investments or may make it more difficult for a Fund to source new investments that satisfy the investment criteria specified herein); (iii) increased pricing volatility with respect to and liquidity of the loans or (iv) interest rate mismatches between a Fund’s assets and liabilities. Furthermore, the transition away from LIBOR may adversely affect a Fund’s ability to manage and hedge exposures to fluctuations in interest rates using derivative instruments. The transition may also result in a reduction in the value of certain investments held by a Fund or reduce the effectiveness of related Fund transactions such as hedges. The effect of any changes to, or discontinuation of, LIBOR on a Fund will vary depending on, among other things, provisions in individual contracts and whether, how, and when industry participants develop and adopt new reference rates and alternative reference rates.

When LIBOR is phased out or eliminated as a benchmark rate, it is uncertain whether broad replacement conventions in the leveraged loan and credit facility markets will develop or be required by relevant regulators and, if conventions develop, what those conventions will be, whether they will be similar to each other and whether they (or any of them) will create adverse consequences for a Fund and/or any investments. The Federal Reserve Board and the Federal Reserve Bank of New York’s Alternative Reference Rates Committee (“ARRC”) have however identified the Secured Overnight Financing Rate (“SOFR”) as the replacement rate for derivatives, and it is likely that SOFR (or a SOFR-based rate) will become the replacement rate for syndicated loans as well. Beginning on March 2, 2020, the Federal Reserve Bank of New York published SOFR averages as well as a SOFR Index, in order to support the transition away from LIBOR. Because SOFR is a secured, risk-free rate, while LIBOR is an unsecured rate reflecting counterparty risk, SOFR will not be equivalent to LIBOR. Since the initial publication of SOFR in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. Any transition to and adoption of SOFR may adversely impact the pricing, liquidity, value of, and return on investments, and there may be significant uncertainty regarding the effectiveness of SOFR as a benchmark rate. Whether SOFR attains market acceptance as a LIBOR replacement remains in question. The transition from LIBOR to an alternative reference rate could adversely affect a Fund’s activities, operations, and performance.

If conventions are slow to develop regarding SOFR or another replacement benchmark rate, or if changes in the Benchmark are dependent upon mutually agreed amendments thereto by the parties to individual contracts, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets or timing with respect to such amendments will have on the price and liquidity of the affected investment or on the ability of an obligor to obtain new financing when necessary to pay or refinance any then-existing investment.

***Currency and Exchange Rate Risks:*** A portion of the Funds' portfolio investments, and the income received by the Funds with respect to such portfolio investments, are denominated in currencies other than U.S. dollars. However, the books of the Funds will be maintained, and contributions to and distributions from the Funds generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of portfolio investments and the amounts of distributions, if any, to be made by the Funds. In addition, the Funds will incur costs and execution risk when converting portfolio investment proceeds from one currency to another. From time to time, the Adviser enters into hedging transactions designed to reduce such currency risks, but it does not expect to eliminate the Funds' exposure to exchange rate fluctuations.

***Hedging; Derivative Instruments:*** From time to time, the Funds directly or indirectly use various derivative instruments for hedging purposes. While the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions. The Funds also may use derivative instruments to approximate or achieve the economic equivalent of an otherwise permitted portfolio investment (as if the Fund directly invested in the securities, loans, or claims of the subject portfolio company) or if such instruments are related to an otherwise permitted portfolio investment. Use of derivative instruments presents various risks. For example, when used for hedging or synthetic investment purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged or tracked prevents the Funds from achieving the intended hedging effect or expose the Funds to the risk of loss. Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Funds may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which a Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses. Derivative instruments that may be purchased or sold by the Funds may include instruments not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange traded instruments, and many of the protections afforded to participants in a regulated environment are not available in connection with such transactions. In addition, significant disparities may exist between "bid" and "asked" prices for derivative instruments that are not traded on an exchange. In general, the risk of nonperformance by the counterparty on such an instrument is greater and the ease with which the Funds can dispose of or enter into closing transactions with respect to such an instrument is less than in the case of an exchange traded instrument. The stability and liquidity of derivative investments depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs that could result in a loss to the Funds. Furthermore, there is a risk that any of such counterparties could become insolvent. Also, it should be noted that in purchasing derivative instruments, the Funds typically will not have the right to vote on matters requiring a vote of holders of the underlying investment. Moreover, derivative instruments, and the terms relating to the purchase, sale, or financing thereof, are also typically governed by complex legal agreements. As a result, there is

a higher risk of dispute over interpretation or enforceability of the agreements. It should also be noted that the regulation of derivatives is evolving in the U.S. and in other jurisdictions and is expected to increase, which could impact the Funds' ability to transact in such instruments and the liquidity of such instruments. There is a possibility that additional regulatory requirements could be triggered by virtue of a Fund entering into hedging transactions, and in such an event, such Fund could bear additional costs for compliance with requirements and would be subject to additional regulatory risk that it would be unlikely to face absent its participation in hedging transactions.

The Funds may take advantage of investment opportunities with respect to derivative instruments that are neither presently contemplated nor currently available, but which may be developed in the future, to the extent such opportunities are both consistent with the Funds' respective investment objectives and legally permissible. Any such investments may expose the Funds to unique and presently indeterminate risks, the impact of which may not be capable of determination until such instruments are developed and/or the Adviser determines to make such an investment.

***Investments in Bridge Financings:*** From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in a Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments would remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments would not adequately reflect the risk associated with the position taken by a Fund.

***Capital Calls:*** Capital calls will be issued by the general partner of each Fund from time to time in the discretion of such general partner, based upon its assessment of the needs and opportunities of such Fund. To satisfy such capital calls, investors may need to maintain a substantial portion of their capital commitment in assets that can be readily converted to cash. Except as specifically set forth in the Governing Documents, each limited partner's obligation to satisfy capital calls will be unconditional. A limited partner's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Fund or upon any assessment thereof provided by the general partner thereof. While the Adviser follows the standardized Capital Call and Distribution Notices template adopted by the Institutional Limited Partners Association, capital call notices may not provide all of the information an investor desires in a particular circumstance, and such information may not be made available and will not be a condition precedent for a limited partner to meet its funding obligation. Additionally, and notwithstanding the foregoing, the general partner will not be obligated to call 100% of the limited partner's capital commitment during a Fund's term. Even if a capital call is issued, in the event that the general partner determines that a proposed portfolio investment will not be consummated or that capital contributions are not applied to a portfolio investment for any reason after a period of time as set forth in the Organizational Documents, the general partner will refund to the partners the unapplied amounts without interest and such amounts are treated as never having been contributed. If one or more investors are unable to make, or are

contractually excused from making, their capital calls on any one investment, the capital call of the other investors will increase accordingly, possibly materially. The fees, costs and expenses incurred by a limited partner in order to meet capital calls (whether it is bank fees, wire fees, value-added tax or other applicable charge imposed on a limited partner) will be borne solely by such limited partner.

***U.S. Dollar Denomination of Interests:*** The Funds' interests are denominated in U.S. dollars. Investors subscribing for the interests in any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between the U.S. dollar and such currency may have an adverse effect on the value, price, or income of the investment to such investors. In addition, rapid changes in inflation could have a material adverse effect on the performance of the Funds. The fees, costs and expenses incurred by an investor in converting its local currency to U.S. dollars (if applicable) in order to meet capital calls will be borne solely by such investor and will be in addition to the amounts required by such capital calls (and will not be part of or otherwise reduce such investor's unpaid capital commitment).

***Failure to Make Capital Contributions:*** If a limited partner of a Fund fails to pay when due installments of its commitment to such Fund, and the contributions made by non-defaulting limited partners and borrowings by such Fund are inadequate to cover the defaulted capital contribution, such Fund may be unable to pay its obligations when due. As a result, such Fund may be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners). If a limited partner defaults, it will be subject to various penalties as provided in the Governing Documents, including, without limitation, forfeiture of a portion of its interest in the Fund. A default by a limited partner may also limit a Fund's ability to incur borrowings and avail itself of what would otherwise have been available credit under such Fund's subscription facility where some or all of the facility is collateralized by limited partners' commitments. If limited partners were to default on their commitments, the applicable Fund's ability to repay subscription facilities (where used) would be compromised, and the facility provider could require the Adviser to call an additional funding of capital contributions from non-defaulting limited partners or liquidate assets at an inopportune time, on an expedited basis or at an unattractive price, or could exercise other remedies that could adversely affect the applicable Fund's operational capabilities and have adverse tax and economic effects on such Fund and returns to limited partners.

***Dilution from Subsequent Closings:*** To the extent that investors subscribing for interests at subsequent closings of a Fund participate in existing investments of such Fund, it will dilute the interest of existing investors therein. Although such investors subscribing for interests at subsequent closings will contribute their pro rata share of previously made capital calls (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair market value of the Fund's existing investments at the time such additional limited partners subscribe for interests.

***Distributions In-Kind:*** During the term of a Fund, the general partner may make in-kind distributions of marketable securities. In certain circumstances, the general partner may offer the limited partners of a Fund the election to receive an in-kind distribution of marketable securities in lieu of receiving cash, and there may be conditions associated with such a choice that renders certain limited partners unavailable to make such election. In addition, it is possible that not all

portfolio investments will be realized by the end of a Fund's term. In such cases, in the general partner's sole and absolute discretion, there may be in-kind distributions by such Fund of illiquid securities or instruments. There can be no assurance that investors will be able to dispose of such securities or instruments or that the fair market value of such securities or instruments determined by the Funds for purposes of the determination of distributions and the calculation of the Carried Interest ultimately will be realized. In addition, if a Fund receives distributions in-kind from any portfolio investments, it may incur additional costs and risks in connection with the disposition of such assets.

***Recycling; Reinvestment:*** The general partner of a Fund typically has the right to recall, retain, reinvest or recycle the proceeds of any portfolio investment that is realized or disposed of within a certain period of time. Accordingly, during the term of a Fund, an investor may be required to make capital contributions in excess of its capital commitment. In addition, such reinvestment limits early distributions to investors, and to the extent such retained amounts are reinvested in portfolio investments, an investor will remain subject to investment and other risks associated with such portfolio investments. As a result, reinvestment increases the risk of investing in the Fund. If a situation arises where a Fund may benefit from additional liquidity for purposes of maximizing or preserving the value of its assets, the Adviser may consider opportunities to create liquidity through dispositions with the goal of recycling the proceeds to redeploy them in a manner believed to be in the best interest of such Fund. In certain circumstances, the Adviser may opportunistically consider seeking, with the appropriate consents required under the Fund's Governing Documents, to extend the amount of time during which capital may be recycled and redeployed or such other measures with similar economic effect.

***Legal, Tax, and Regulatory Risks:*** Legal, tax, and regulatory changes could occur during the term of a Fund and adversely affect the Fund, its portfolio companies, or partners. For example, from time to time, the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The Funds intend to invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, licensing, examination, and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules, and regulations, some of which are subject to interpretation and/or are subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which could have material adverse effects. Additionally, foreign investment in securities of companies in certain of the countries in which the Funds invest or may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of a Fund. While regulation of investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital, or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities or

instruments held by the Funds, and income on such securities or instruments or gains from the disposition of such securities or instruments could be subject to withholding taxes or other taxes imposed by certain countries where the Funds invest or in other jurisdictions.

***Possible State Licensing Requirements:*** A Fund may be required to obtain various state licenses in order to make, hold or dispose of certain investments, particularly with respect to loaning money to portfolio companies. A Fund has not applied for these licenses and may not. The Adviser expects that if a Fund does apply for such licenses this process will be costly and take several months. There is no assurance that a Fund will obtain all of the licenses that it desires or that a Fund would not experience significant delays in seeking these licenses. Furthermore, a Fund will be subject to various information and other requirements in order to maintain these licenses, and there is no assurance that a Fund will satisfy those requirements. A Fund's failure to obtain or maintain licenses might restrict its investment options and have other adverse consequences for a Fund. In addition, the ownership and operation of certain portfolio companies may require certain individuals to be routinely vetted in order for the portfolio company to obtain and maintain certain state licenses. Similar to Fund licenses, there is no assurance that a portfolio company will obtain all of the licenses it desires or that a portfolio company would not experience significant delays in seeking these licenses and failure to obtain or maintain such licenses may adversely impact the portfolio company.

***Litigation:*** In connection with ordinary course investing activities, the Advisers, the Funds and their respective affiliates as well as portfolio companies of the Funds are and may become involved in litigation either as a plaintiff or a defendant. There can be no assurance that any such litigation, once begun, would be resolved in favor of the Funds. Any such litigation could be prolonged and expensive and typically such costs (which may include consultants, investigators, experts and other advisors, in addition to legal costs, and which in the aggregate may be substantial) are borne by the Fund. In addition, it is by no means unusual for participants in reorganizations to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds and would reduce net assets or could require limited partners thereof to return to the Funds distributed capital and earnings.

***Documentation and Legal Risks:*** A Fund and its portfolio companies are governed by a complex series of legal documents and contracts. The intent of the legal documents and contracts might not be clear, and even clear drafting can be misconstrued by counterparties and judges. A dispute over interpretation of any of these documents or contracts could arise, which may result in unenforceability of the contract(s) or other outcomes that are adverse to a Fund.

***Indemnification:*** The Funds will be required to indemnify the Advisers, their respective affiliates, and their respective officers, employees, directors, agents, stockholders, members, and partners, and likely any other person who serves at the request of the Advisers on behalf of the Funds as an officer, director, partner, employee, or agent of any other entities, and any member of the limited partner advisory committee for liabilities incurred in connection with the affairs of the Funds. Additionally, such parties may be entitled to exculpation by the Funds. Such liabilities may be material and may have a material adverse effect on the returns to the limited partners of the Funds. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unfunded commitments of the limited partners thereof. If the assets of the

Funds are insufficient, the Advisers may recall distributions previously made to the limited partners, subject to certain limitations in the Governing Documents. It should be noted that the Advisers typically cause the Funds to purchase insurance for the Funds, the Advisers, and their respective employees, agents and representatives, but there can be no assurance that such insurance will cover any or all liabilities. In addition, the Advisers may cause the Funds to advance the costs and expenses of an indemnitee pending outcome of the particular matter (including determination as to whether or not the person was entitled to indemnification or engaged in conduct that negated such person's entitlement to indemnification). As a result, there may be periods where a Fund is advancing expenses to an individual or entity with whom such Fund is not aligned or is otherwise an adverse party in a dispute. Moreover, in its capacity as general partner of a Fund, the Adviser will, notwithstanding any actual or perceived conflict of interest, be the beneficiary of any decision by it to provide indemnification (including advancement of expenses). This may be the case even with respect to settlement of actions where any indemnitee was alleged to have engaged in conduct that disqualifies any such person from indemnification of exculpation so long as the Adviser (and/or its legal counsel) have determined that such disqualifying conduct did not occur.

***Outside Statements:*** The Adviser and its affiliates and employees may have made, and may in the future make, oral and written statements or expressions of intent or expectation to investors in the Fund or their affiliates, or acknowledge statements by such persons ("Outside Statements") regarding a Fund or the Adviser's activities pertaining thereto. These may include, for example, the anticipated or expected allocation and terms of co-investment opportunities, the anticipated or expected allocation of investment opportunities to a Fund generally and other topics often addressed in legally binding side letters. Although such Other Statements are not legally binding, such Other Statements may influence allocation and other decisions of the Adviser and its affiliates and employees with respect to the operations and investment activities of a Fund and may influence a prospective investor's decision as to whether to invest in a Fund. By virtue of not being legally binding obligations, such Other Statements will not be considered side letter provisions for purposes of any most-favored-nation's provisions in actual side letters of a Fund. There can be no assurance that any such arrangements will not have an adverse effect on a Fund or any limited partner.

***Liability for Return of Distributions:*** If a Fund is otherwise unable to meet its obligations, its limited partners will, under applicable law, be obligated to return cash distributions previously received by them if such distributions are deemed to be a return of their capital contributions or a wrongful payment to them. In addition, certain provisions in the Governing Documents will permit the general partner of a Fund to require each limited partner to return distributions made to such limited partner, including, without limitation, for the purpose of meeting such limited partner's share of such Fund's indemnification obligations. Furthermore, with respect to any distributions from an investment that were in turn distributed to the limited partners, the general partner may require the limited partners to return such distributions to the extent any investment requires the Fund to return such distributions.

***Force Majeure Risk:*** Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, global health crises and pandemics, war, terrorism, and labor strikes. Some force majeure events may adversely affect a party's ability to perform its obligations,

under a contract or otherwise, until it is able to remedy the force majeure event. Such events, whether or not considered to be a contractual Force Majeure event, may nonetheless impact the operations of a Fund and/or its portfolio companies, potentially materially so. For example, the cost of repairing or replacing damaged assets in case of such event could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial and costly litigation, or penalties for regulatory or contractual non-compliance. In some cases, transaction or other agreements may provide for termination of the agreement if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are incapable of, or costly to, cure may also have a permanent adverse effect on a portfolio company and/or a Fund. Force majeure clauses may be drafted or construed narrowly in a manner that would not cover a particular event that might occur, such as a pandemic or global public health crisis. If this were to occur, there could be an adverse impact on the Fund or its portfolio company.

***Fund Expenses:*** As set forth above in Section 5 Expenses, expenses to be borne by a Fund will be substantial and will reduce the actual returns realized by investors on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds in investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of Fund expenses ultimately called or called at any one time may exceed amounts expected or budgeted by the Adviser and/or limited partners of a Fund. While the Advisers will, except as indicated above, be responsible for their own rent, utilities and salaries of their personnel, the costs and expenses of their activities in connection with, on behalf of or otherwise related to the Funds are otherwise borne by the Funds (and by the investors therein indirectly via their interests in the Funds).

***Systems and Operational Risks:*** The Funds depend on the Adviser to develop and implement appropriate systems for the Funds' activities. The Funds rely daily on financial, accounting and other data processing systems and other core operating systems that are critical to oversight of the Funds' activities. Certain of the Funds' and the Adviser's activities will be dependent upon systems operated by third parties, and the Adviser is not in a position to thoroughly vet the risks or reliability of certain third-party systems based on limitations of access to vendor data, especially with larger vendors who, in the Adviser's experience, have been unwilling to provide such access. Failures in the systems and processes employed by the Adviser and other parties could result in mistakes made, including, among other things, in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Operational risks result from inadequate procedures and controls, employee fraud, recordkeeping errors, human errors and other mistakes or failures by the Adviser or a service provider. Disruptions in the Funds' operations may cause the Funds to suffer, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on the Funds and the investors' investments therein. While the Adviser has a business continuity plan in place in the event of an operational or other significant incident, there is no guarantee that the plan will be capable of implementation under the circumstances that may occur, or that once implemented, it will adequately address the challenges presented by the situation.



***Cyber Security Breaches, Identity Theft , and Social Engineering Attempts:*** Cyber security incidents, cyber-attacks, and social engineering attempts (including business email compromise attacks) have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The Adviser, the Funds, the portfolio companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These information and technology systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser 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 the Fund and its investors. For example, these systems are subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors.

Although the Adviser has implemented and will continue to implement various measures to manage risks relating to these types of events, if these systems and controls are inadequate, compromised, become inoperable for extended periods of time or cease to function properly, the Adviser, the Funds and/or a service provider thereof would have to make a significant investment to fix or replace them. The Adviser does not control the cyber security plans and systems put in place by third-party service providers, oftentimes has limited access to gain visibility into such plans, systems or breaches thereof, and such third-party service providers may have limited indemnification obligations to the Adviser, a Fund and / or a portfolio company, each of whom could be negatively impacted as a result. The successful penetration or circumvention of the security of these systems, or a failure of or weaknesses in these systems or the Adviser's own internal cyber systems and controls and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's, the Funds' and/or a service provider's operations. This could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), material non-public information in possession of or concerning the Adviser and/or portfolio companies and the intellectual property and trade secrets and other sensitive information in the possession of or concerning the Adviser and / or portfolio companies. Successful penetration or circumvention of these systems could have additional consequences such as the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system and costs associated with system repairs. Such a failure could harm the Adviser's, the Funds' and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and litigation and otherwise affect their business and financial performance. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity tools, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation which costs, under certain circumstances, may be borne by the Fund.

Data taken in such breaches may be used by criminals in identity theft, to commit insider trading, in obtaining loans or payments under false identities, and other crimes that could affect the limited partners directly as well as affect the value of assets in which a Fund invests. In the event any such circumstance transpires, it can disrupt the ability to engage in transactional business, cause direct financial loss and reputational damage, lead to violations of applicable laws related to data and privacy protection and consumer protection, or incur regulatory penalties, all or part of which may not be covered by insurance. Cybersecurity risks also result in ongoing prevention and compliance costs. In addition, the Adviser and/or a Fund may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse limited partner reaction, or litigation.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which risks, if they were to materialize, could have material adverse consequences for such companies, and may cause the Funds' investments to lose substantial value. These risks are heightened given the technological focus of the portfolio companies in which the Funds invest, especially where, for example, portfolio companies provide data protection or other security services and/or collect and maintain personal information such as credit card and other sensitive data. Proposed or new legislation and regulation concerning cybersecurity or privacy could also significantly affect the Funds or the business of the Funds' portfolio companies. There currently are a number of proposals pending before U.S. federal, state, and foreign legislative and regulatory bodies. In addition, the European Commission has approved a data protection regulation, known as the European Union General Data Protection Regulation ("GDPR"), which came into force in May 2018. The GDPR includes operational requirements for companies that receive or process personal data of residents of the European Union and includes significant penalties for non-compliance. Similarly, there are several legislative proposals in the United States, at both the federal and state level, and there is increased national debate that could result in legislative proposals, that could impose new obligations in areas affecting business of the Adviser, the Funds, and portfolio companies, such as privacy, data protection and liability for copyright infringement by third parties. In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity to portfolio companies of delivering their services or could limit their ability to execute on their business plans, for example, if a planned monetization of data became infeasible. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, or make existing business unprofitable, result in negative publicity, increase the operating costs for the Adviser, the Funds and portfolio companies, require significant management time and attention, and subject the Adviser, the Funds and portfolio companies to remedies that may harm their business, including fines or demands or orders that they modify or cease existing business practices.

The California Consumer Privacy Act of 2018 (the "California Privacy Act"), which came into effect in January 2020, granted consumers a right to request that a business disclose the categories and specific pieces of personal information that it collects about the consumer, the

categories of sources from which that information is collected, the business purposes for collecting or selling the information, and the categories of third parties with which the information is shared. The California Privacy Act further granted consumers a right to request that a business that sells a consumer's personal information, or discloses it for a business purpose, disclose the categories of information that it collects and the identity of third parties to which the information was sold or disclosed, among other rights. The far reaching impact of the California Privacy Act across many business lines provides an additional layer of compliance for the Fund and its respective affiliates, and for portfolio companies, especially while such portfolio companies are dependent on monetizing customer data as a meaningful source of revenue. The law is enforceable by the Attorney General of California, beginning on July 1, 2020, and authorizes a civil penalty up to \$2,500 for each violation or \$7,500 for each intentional violation, if a business fails to cure any alleged violation within 30 days after being notified of alleged noncompliance. There is a risk that the measures taken by the Adviser to comply with the CCPA will not be implemented correctly or that individuals within the business will not be fully compliant with the new procedures. If there are breaches of these measures, the Adviser could face significant sanctions, as well as reputational damage, which could have a material adverse effect on the operations, financial condition and prospects of the Adviser.

***Environmental, Social and Governance Matters:*** While ESG is only one of the many factors the Adviser will consider in making an investment, there is no guarantee that the Adviser will successfully implement and make investments in companies that create positive environmental, social or governance ("ESG") impact while enhancing long-term shareholder value and achieving financial returns. To the extent that the Adviser engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Adviser will depend on the Adviser's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Adviser's view of certain ESG-related and other factors, which view could ultimately prove to be incorrect, and the risk that the Adviser's Funds may underperform other funds that do not take ESG-related factors into account or conversely, could underperform specialized funds that are largely or exclusively focused on sustainable investing principles,.

Consideration of ESG factors may affect the Adviser's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Adviser's performance to the extent there is underperformance in the area of such exposure. Applying ESG goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will reflect the beliefs or values of any particular investor or group of investors. In evaluating a company, the Adviser is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the Adviser to incorrectly assess a company's ESG practices and/or related risks and opportunities. In addition, the Adviser makes investment decisions based on circumstances as they exist at the time the investment is made, and developments that take place subsequent to the investment, where such

developments are outside the Adviser's control, may not conform to the Adviser's expectations around ESG (for example, but not by limitation, concerning a portfolio company's pivot in its use of technology or its changes to business plan). ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the Adviser's assessment of such practices is likely to change over time.

***Possibility of Fraud and Other Misconduct of Employees and Service Providers:*** Misconduct by employees of the Adviser, service providers to the Adviser or the Funds and/or their respective affiliates could cause significant losses to such Funds. Such misconduct has occurred in the past and is likely to occur again in the future given the Adviser's scale and size. Misconduct may include, among other things, entering into certain transactions without authorization, the failure to comply with compliance, operational and risk procedures, including due diligence procedures, engaging in behavior that leads to cybersecurity and/or physical security risks, misrepresentations as to investments being considered by such Funds, and the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. The Adviser has controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

***Amendments; Side Letters:*** The Organizational Documents of a Fund may be amended from time to time generally with the consent of the general partner and a majority in interest of the limited partners thereof, subject to certain exceptions set forth in the Organizational Documents. The Organizational Documents set forth certain other procedures for their amendments, including provisions allowing the general partners to amend the Organizational Documents without the consent of the limited partners in certain circumstances. The Adviser has in the past entered into, and expects to enter in the future into, side letter or other similar arrangements with certain investors in the Funds providing such investors with different or preferential rights or terms, without the approval or vote of any other investors, which would have the effect of establishing rights under, altering or supplementing the terms of the Governing Documents or the subscription agreement related thereto with respect to such investors in a manner more favorable to such investors than those applicable to other investors. Any rights established, or any terms of the Governing Documents or any subscription agreement related thereto altered or supplemented in a side letter or other similar agreement with an investor will govern solely with respect to such investor notwithstanding any other provision of the Governing Documents or any subscription agreement related thereto.

***Pay-to-Play Laws, Regulations, and Policies:*** In light of controversies and highly publicized incidents involving money managers, a number of states and municipal pension plans have adopted so-called "pay-to-play" laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state and local officials by individuals and entities seeking to do business with state entities, including investments by public retirement funds. The SEC also has adopted rules that, among other things, prohibit an investment adviser

from providing advisory services for compensation with respect to a government plan investor for two years after the adviser or certain of its executives or employees make a contribution to certain elected officials or candidates. If the Adviser or its respective employees or affiliates fails to comply with such “pay-to-play” laws, regulations or policies, such non-compliance could have an adverse effect on the Funds by, for example, providing the basis for the withdrawal of the affected government plan investor.

***Placement Agents:*** One or more parties have acted, and are expected to act, as placement agents (each, a “Placement Agent”, and together, the “Placement Agents”) for the interests in certain Funds and, in that capacity, act for the Advisers thereof and in such capacity would not act as investment advisers to potential investors in connection with the offering of the interests. Typically, the Adviser will pay each Placement Agent a placement fee that is either a fixed amount or is based upon the amount of interests committed to by investors that each such Placement Agent introduces to the Adviser. At various times, the Placement Agents may act as placement agents for other fund sponsors and funds, including unaffiliated fund sponsors and funds, which may offer interests that are similar to the interests in the Funds. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from the Advisers in connection with the offerings of the Funds, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to the Adviser. Furthermore, certain Placement Agents may seek to do business with and earn fees or commissions from other investment funds and their portfolio companies and affiliates of the Advisers. Examples of such business may include, without limitation: provision of financing or other investment banking services; lending or arranging credit; and provision of prime brokerage.

***Trade Policy Uncertainty:*** Political leaders in the U.S. and certain European nations have recently been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government has been altering its approach to international trade policy and in some cases has sought or is seeking to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto. In addition, the U.S. government has recently imposed tariffs on certain foreign goods, including steel and aluminum, and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. In April 2018, the U.S. government began imposing tariffs on Chinese imports. China, in turn, retaliated with its own tariffs on United States imports. The trade dispute is still developing, and the United States and China—although reaching a preliminary agreement on narrow aspects of trade relations—have yet to reach a compromise. While this dispute has already had negative economic consequences on the U.S. markets, to the extent that this trade dispute escalates into a “trade war” between the U.S. and China, there could be additional significant impacts on the industries in which the Fund participates and other adverse impacts on Fund investments. Moreover, the U.S. government has imposed limitations on whether and how U.S. companies and, under certain circumstances, non-U.S. companies may interact with certain Chinese companies that are potentially important suppliers to, or customers for, U.S. companies, and further such limitations are possible via the addition of such companies to U.S. restricted parties lists, the imposition of licensing requirements for certain emerging and foundational technologies, and changes to the export controls regulations to capture a greater

number of items, which could have a materially adverse impact on a Fund's portfolio companies and their supply chain.

***Changes Resulting from the United Kingdom's Exit from the European Union:*** The United Kingdom ("UK") formally notified the European Council of its intention to leave the EU in 2017. In January 2020, the UK and the EU ratified a withdrawal treaty under which the UK left the EU on January 31, 2020 with the benefit of a transition period lasting until December 31, 2020. During the transition period all of the current rules and arrangements will remain in place while the UK and the EU seek to negotiate a free trade agreement ("FTA"). The FTA will govern the trading relationship between the UK and the EU following the transition period.

The UK will remain subject to EU law with access to the single market and privileges to provide services until the end of the transition period, but any further privileges after that date will depend either on extending the transition period, or on the terms of the FTA (if the parties have agreed an FTA). It is not clear whether the FTA will cover the provision of services by UK firms. If the UK and the EU are unable to agree the terms of an FTA by December 31, 2020, and do not agree to extend the transition period, the UK will become a third country vis-à-vis the EU on the expiry of the transition period. As a third country, the cross-border trade in goods between the UK and the EU will depend on any multilateral trade agreements to which both the EU and the UK are parties (such as those administered by the World Trade Organization ("WTO")) and the provision of services by UK firms will be generally restricted to those that could be provided by firms established in any third country.

UK regulated firms and other UK businesses could be adversely affected under an FTA or under WTO terms. A tariff or non-tariff barrier, customs checks, the inability to provide cross-border services, changes in withholding tax, restrictions on movements of employees, restrictions on the transfer of personal data, etc., all have the potential to materially impair the profitability of a business, require it to adapt, or even relocate.

In summary, the UK left the EU on January 31, 2020 with a transition period lasting until December 31, 2020. Given the relatively short time within which to negotiate an FTA, there is a risk that the UK may leave the transition period without a future trade agreement and may not seek an extension. In such circumstances, it is probable that the adverse effects of leaving on unfavorable terms would principally affect the UK (and those having an economic interest in, or connected to, the UK). However, given the size and global significance of the UK's economy, uncertainty about whether it will secure an FTA by the end of the transition period, and thus uncertainty as to the substance of its future legal, political and economic relationships with Europe may continue to be a source of instability, produce currency fluctuations or have other adverse effects on international markets, international trade and other cross-border cooperation arrangements.

The ongoing process in which the UK withdraws from the EU could therefore adversely affect a Fund, the performance of its Investments and its ability to fulfil its investment objectives (especially if its Investments include, or expose it to, businesses that have relied on access to the single market or whose value is affected adversely by the UK's future relationship with the EU). The decision of the United Kingdom to leave, and its eventual withdrawal from, the European Union could also have a destabilizing effect if other member states were to consider the option of

leaving the European Union. For these reasons, the decision of the United Kingdom to leave, and its eventual withdrawal from, the European Union could have adverse consequences on the Funds, the performance of their investments and their ability to fulfil their investment objectives, in a variety of ways, not all of which are currently readily apparent. The Funds may invest in portfolio investments the issuers of which have significant operations and/or assets in the United Kingdom. Such issuers could be adversely impacted by any new legal, tax and regulatory environment, whether by increased costs or impediments to the implementation of their business plan. The uncertainty resulting from any such developments, or the possibility of such developments, would also be likely to cause significant market disruption in the European Union and the United Kingdom and more broadly across the global economy, as well as introduce further legal, tax and regulatory uncertainty in the European Union and the United Kingdom.

***Technological Innovations:*** Current trends in the market generally have been toward disrupting a traditional approach to an industry with technological innovation, and multiple young companies have been successful where this trend toward disruption in markets and market practices has been critical to their success. In this period of rapid technological and commercial innovation, new businesses and approaches may be created that could affect the Funds and / or their investments or alter the market practices the Funds' strategies have been designed to function within and depend on for investment return. Any of these new approaches could damage the Funds' investments, significantly disrupt the market in which they operate and subject them to increased competition, which could materially and adversely affect their business, financial condition and results of investments. Additionally, the Adviser could base investment decisions on views about the direction or degree of innovation that prove inaccurate and lead to losses.

#### Risks Applicable to Silver Lake Alpine

*In addition to the risks described above, the following risks are primarily applicable to Silver Lake Alpine, and may be applicable to other Funds as well:*

***Loan and Debt Investments:*** The Fund expects to invest broadly across the capital structure with respect to downside protected securities. Such securities may be junior, subordinated and/or unsecured, and while these investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions and security over the portfolio company's assets, some or all of such terms may not be part of particular investments. In addition, it is not expected that Silver Lake will have the ability to substantially influence the portfolio company's affairs in connection with such junior, subordinated and/or unsecured investments or at least such influence will likely be substantially less than that of senior creditors. Such investments will rank behind the borrower's more senior indebtedness and will be subject to early repayment and other risks. The Fund may also invest in senior secured loans. Senior secured loans will not necessarily have priority over all other debt of an issuer and will face risk relating to the value of the securing collateral. Senior secured loans are also subject to other risks, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance", (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations and (v) environmental liabilities that may arise

with respect to collateral securing the obligations. Moreover, adverse credit events with respect to any portfolio company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of a portfolio company.

***Parallel Funds:*** As part of the Silver Lake Alpine strategy for certain SLA Funds, the Adviser has formed parallel funds in the form of an onshore fund and an offshore fund. The parallel funds will generally have similar investment programs, but differ for tax, legal, regulatory or other reasons as deemed appropriate by the applicable general partner. Certain conflicts may arise as the parallel funds may not both participate or one fund (more likely the offshore fund) may be excluded from participating in some investments made by the other fund due to investment restrictions, tax, legal, regulatory and other reasons.

***Borrower Fraud; Breach of Covenant:*** Silver Lake Alpine typically seeks to obtain structural, covenant and/or other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in Silver Lake Alpine as being speculative and having a high degree of risk. Of paramount concern in originating or acquiring the financing contemplated by Silver Lake Alpine is the possibility of material misrepresentation or omission on the part of the borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of covenants may adversely affect the valuation of the collateral underlying the loans or the ability of Silver Lake Alpine to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. Silver Lake Alpine will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

***Inability to Vote Certain Positions or Act as Lead Arranger in Certain Situations:*** As a result of voting agreements or other arrangements relating to certain issuers and the investments held by Silver Lake Alpine or by any other Fund, Silver Lake Alpine Funds may be subject to restrictions on its ability to vote or take other actions with respect to certain companies and/or portfolio investments. In such situations, the general partner may not be able to vote or take other actions with respect to its portfolio investments in the manner that it otherwise would believe to be in the best interests of the Silver Lake Alpine Fund. Furthermore, Silver Lake Alpine's partnership agreements require that in connection with Silver Lake Alpine exercising a right to vote, consent or similar right attaching to a particular debt instrument of Silver Lake Alpine, which is also another Fund's portfolio company, Silver Lake Alpine must vote or give or withhold such consent in accordance with the recommendation of the applicable third-party administrative agent of the debt instrument, unless the applicable Silver Lake Alpine limited partner advisory committee otherwise consents to the Silver Lake Alpine Fund taking an alternative course of action with respect to a particular vote or consent or the limited partner advisory committee approves an alternative procedure with respect to the foregoing votes or consents by Silver Lake Alpine with respect to a Fund's portfolio company. As a result of such policies, Silver Lake Alpine may vote its interests in a portfolio company in a way that it would not have had the Adviser instructed the vote, and Silver Lake Alpine may not achieve the results it otherwise would have had it been able to benefit from the Adviser's management advice.



The Adviser has adopted additional policies and procedures in order to avoid or mitigate conflicts that may arise in connection with Silver Lake Alpine's investments in portfolio companies in which other Funds (which exist now or may in the future exist) have different principal investments. The foregoing policies and procedures may cause Silver Lake Alpine to limit its participation in certain investment opportunities, and the results of Silver Lake Alpine may be affected as a result.

***Risk of Subordination:*** The Funds invest in certain debt and debt-like investments. Some of the portfolio companies will be permitted to incur indebtedness that ranks senior to the Funds' investments. The terms of this indebtedness may provide that holders thereof are entitled to payments of interest or principal on or before the dates on which the Funds are entitled to payments of interest, dividends, principal, or liquidation preferences in respect of its investments. This indebtedness may prohibit portfolio companies from paying interest, dividends, principal, or liquidation preferences on a Fund's investments in the event of a default. In the event of default, insolvency, liquidation, or bankruptcy of a portfolio company, holders of indebtedness senior to those of a Fund will generally be entitled to full payment before the Fund receives any payment. At such time, holders of such indebtedness by means of their senior security position may exert influence over the portfolio companies that is inconsistent with a Fund's interests, including possibly effecting a restructuring that is unfavorable to the Fund's class of debt or debt-like securities, and accordingly, the Fund would incur losses. Indebtedness that ranks equal in payment priority with that of a Fund, or *pari passu*, will share in proceeds on a pro-rata basis with the Fund, and accordingly, there may not be sufficient proceeds to ensure repayment of the Fund's debt, and the Fund may incur losses. Additionally, portfolio investments that the Funds structure as secured debt investments, may be recharacterized by a bankruptcy court and subordinated to the claims of other creditors, depending upon the facts and circumstances including the degree of involvement in management or control wielded by the Funds. The Funds may also be subject to lender liability claims for actions taken by the Funds with regard to a portfolio company's business, including providing material assistance with management or exerting control, among other actions.

#### Risks Applicable to Silver Lake Long Term Capital

*In addition to the risks described above, the following risks are applicable to Silver Lake Long Term Capital. In addition, the long-term nature of the Fund's strategy increases the likelihood that the Fund will be impacted by one or more of the risks described herein and the extent of any such impact. Because the Fund is expected to participate through certain Side-By-Side Co-Investment Vehicles, the specific risks applicable to other strategies described herein will also be applicable to Silver Lake Long Term Capital to the extent it participates alongside such strategy.*

**Investments in Other Silver Lake Funds Generally.** The Fund is expected to invest a meaningful portion of its capital alongside other Main Funds through the Side-By-Side Co-Investment Vehicles. The overall success of the Fund depends not only on the ability of the Fund to effectively make direct investments but also the Adviser's ability to make successful investments through the applicable Main Funds alongside which the Fund invests. Accordingly, the Fund will be highly dependent upon the expertise and abilities of the Adviser and its

personnel, both those that have investment discretion over the Fund's assets and those that deploy capital within the various Main Funds alongside which the Fund invests.

The level of risk associated with the Fund's investments varies depending on the particular investment strategies utilized by the Adviser with respect to the applicable Main Funds alongside which the Fund invests. Each of the risks and conflicts set forth herein may or may not relate to any particular Main Fund. Potential investors in the Fund should carefully consider the risks associated with the Fund's investment strategy and those of the other Main Funds prior to investing.

The Adviser will have a conflict of interest in determining which Main Funds the Fund will participate alongside, and the extent of such participation. For example, the Adviser may be incentivized to elect to participate to a greater or lesser extent depending on the anticipated investments that will be made by such Main Fund(s) during the upcoming annual election cycle, as well as expected carried interest Silver Lake expects to receive (if any) from such Main Funds and/or the Fund at the time of such election. There can be no guarantee that such conflicts will be resolved in favor of the Fund. Additionally, the Adviser may, and in some cases will, have an incentive to cause the Fund to elect the full amount available in any given annual election cycle for Silver Lake Partners and Silver Lake Alpine in order to maximize its management fee and carried interest opportunities.

**No Management or Control of the Silver Lake Funds.** With respect to the Fund's investments through Side-By-Side Co-Investment Vehicles, the Fund will be a passive investor investing alongside other Main Funds, and will have no management authority or governance rights with respect to any investments made within any particular Main Funds. Accordingly, the Fund will be relying on the management skill of the Adviser as sponsor and/or adviser of the respective Main Funds alongside which the Fund invests. In addition, the management, financing, investing and disposition policies of each Main Funds (and thus the Fund) generally will be determined by the Adviser and will not require the consent of the investors of either such Main Funds or the Fund. Any changes in such policies could be detrimental to the value of the Fund's investment and could cause the interests of the Fund, on the one hand, and those of the Adviser or the limited partners of the Main Funds, on the other hand, to diverge. In addition, since in many instances the structure and terms of an Investment will be primarily negotiated by the investment team of the Main Funds alongside which the Fund will also invest, the terms and structure of such investment may not necessarily take fully into account the interests of the Fund or its Limited Partners.

**Concentration of Investments in the Other Silver Lake Funds.** It is expected that a meaningful portion of the Fund's capital will be invested alongside Silver Lake Partners and Silver Lake Alpine through Side-By-Side Co-Investment Vehicles. Accordingly, the Fund's investments may be concentrated in the limited universe of a particular strategy (or strategies), meaning that the performance of one or more of the Main Funds, or more specifically a particular strategy or even investment, may substantially impact, potentially negatively, the return of the Fund's investments as a whole. Furthermore, positive performance of one Main Fund may be offset by negative performance of another Main Fund. There can be no assurances that the Fund will have exposure to any particular Main Fund.

**Differences Between Investing in Other Silver Lake Funds Directly.** The rights and benefits of each investor in the Fund will differ from the rights and benefits of those investors that have invested directly in a Main Fund with respect to which the Fund invests alongside (or in). Such differences and risks associated with such differences include, without limitation, the following:

**Timing of Capital Contributions.** The investors in other Main Funds generally use subscription lines of credit in lieu of capital contributions to such other Main Fund Funds at the time investments are made, while limited partners of the Fund are expected to be required to contribute their capital prior to the closing of investments, thus likely reducing the rates of returns experienced by limited partners of the Fund compared to the rate of returns of the investors of such other Main Fund Fund (unless a similar subscription facility is put in place for the Fund).

**Voting.** Limited partners of the Fund will generally have no right to vote on matters presented to the limited partners of the other Main Fund Funds or Side-By-Side Co-Investment Vehicles.

**Privity.** Limited partners of the Fund will not be limited partners of any other Main Fund Fund (as a result of their investment in the Fund), will not be parties to any other Main Fund's Governing Documents and, accordingly, will not have any direct rights thereunder and therefore will have no direct recourse against any other Main Fund, their related vehicles, the general partner and/or investment advisor of any other Main Fund or any of their affiliates (other than the general partner of the Fund, the investment advisor of the Fund, and the Fund). The offering of interests in the Fund does not constitute, and should not be considered, an offering of interests in any other Main Fund. Limited Partners should note that none of the persons or entities responsible for the organization, control, management or operations of the Fund, in such capacity, has the power to legally bind or commit any other Main Fund or the general partner and/or investment advisor of any other Main Fund, though some of these persons may separately serve in such a capacity with respect to an other Main Fund. Moreover, the Fund has no right to participate in the control, management or operations of any other Main Fund (other than the Fund). No other Main Fund is responsible for the formation, control, management or operation of the Fund (other than the investment advisor of the Fund). No other Main Fund or the general partner and/or investment advisor of any other Main Fund has participated or will participate in the offering of interests in the Fund, and none of the foregoing has or will have any responsibility for such offering.

**Reporting.** The investors in other Main Funds generally will receive periodic reporting which includes investment by investment performance and, in some cases, commentary on recent developments at particular investment, which are not expected to be shared in all cases with limited partners of the Fund. In addition, representatives of investors in other Main Funds that serve as members of such other Main Fund's limited partner advisory committees may receive detailed information concerning various aspects of the activities of the other Main Fund in connection with the performance of their responsibilities. Therefore, investors in other Main Funds or their representatives on another Main Fund's limited partner advisory committee may receive additional or more detailed reporting regarding the companies in which the Fund has invested.

**Investment Funds - Effect of Fees and Expenses on Returns.** The Fund may make investments in investment funds not sponsored by the Adviser (each, an "Investment Fund"). Investment Funds generally (i) pay (or require their partners to pay) their respective general partner and investment advisor or manager certain fees and incentive allocations; and (ii) bear certain costs and expenses. Those fees, expenses, and costs are in addition to those of the Fund. Such fees and expenses are expected to materially reduce the actual returns to limited partners of

the Fund. Fees and expenses of the Fund and the Investment Funds in which the Fund invests will generally be paid regardless of whether the Fund or the Investment Funds produce positive investment returns. When making such investments, the Fund will be entirely reliant on the investment decisions of the sponsor of such Investment Fund. For purposes of the Fund's Governing Documents, the fair market value of any investment in an Investment Fund will generally be the value of such interest as most recently reported to the Fund by the general partner of such Investment Fund.

**Reliance on Sponsor of Investment Funds.** The Fund expects to invest in third party-sponsored Investment Funds. The Fund will not have an active role in the management of such funds or their portfolio investments and therefore will not have the opportunity to evaluate the specific investments made by any such fund after the Fund's date of investment. Moreover, the Fund will likely not be able to dispose of its investment in any such fund despite poor performance. The returns of the Fund will depend in part in part the performance of these unrelated sponsors and could be adversely affected by their poor performance. Additionally, the general partner of the Fund will generally not be in a position to change such approach. Similarly, the general partner of the Fund will typically not be able to negotiate the level of any fee offsets and will not be responsible for determining whether sponsors are correctly calculating fees or fee offsets. The general partner of the Fund may not always receive full information from sponsors because certain of this information may be considered proprietary. The lack of access to information may make it more difficult for the general partner of the Fund to select and evaluate potential investments.

#### Risks Applicable to Silver Lake Kraftwerk

*In addition to the risks described above, the following risks are applicable to Silver Lake Kraftwerk:*

***Investments Dependent on Commodity and Energy Prices:*** The performance of many or all of the investments of the Fund will likely depend upon prevailing prices of electricity and other commodities, such as oil, natural gas, coal, and ethanol/biodiesel, as well as other natural resources. As energy derived from traditional fossil fuels becomes more expensive, the value of clean technologies and renewable energy resources should increase as well. Conversely, if new oil or coal deposits are found, or if the cost of producing energy from these sources decreases significantly for other reasons, the demand for clean technologies and renewable energy resources will likely decrease. Commodity prices have been volatile and will likely continue to be volatile in the future. Commodity prices are subject to wide fluctuation in response to relatively minor changes in supply and demand, governmental regulation, market uncertainty, and a variety of additional factors that are beyond the control of the Adviser or the Fund. These factors include, without limitation, changes in consumer demand, weather conditions and temperature fluctuations, market uncertainty, domestic and foreign governmental regulations, the price and availability of alternative fuels, the competitive position of traditional fossil fuels as a source of energy as compared with other energy sources, refining and production capacity, the cost of production inputs for alternative fuels such as ethanol/biodiesel, political conditions in the Middle East, Africa, South America, Russia, and other oil producing regions, actions of the Organization of Petroleum Exporting Countries ("OPEC"), foreign supply of oil, the

implementation of new drilling and energy harvesting initiatives, the price of foreign imports, and overall economic conditions.

Additionally, to the extent that recent technological progress in pollution control equipment for coal-fired generation plants makes it feasible for utilities to continue to operate those plants under newly mandated clean air regulations, continued use of coal in electric generation facilities will also apply downward pressure to the value of clean technologies and renewable energy resources as coal is plentiful in the U.S.

***Rapidly Evolving Market:*** The market for clean technologies and renewable energy resources is emerging and rapidly evolving, and its future success is uncertain. If alternative energy resources and technologies prove unsuitable for widespread commercial deployment, or if demand for such resources or products fails to develop sufficiently, the Fund's portfolio companies could be unable to generate enough revenue to achieve and sustain profitability. In addition, demand for alternative energy resources and products may not develop or may develop more slowly than anticipated. Many factors will influence the widespread adoption of clean or alternative energy technologies and the demand for derivative energy products, including cost-effectiveness, the availability of governmental subsidies and other similar incentives for alternative energy producers, and the performance and reliability of alternative energy resources and technology.

***Government Support for Cleantech and Alternative Energy:*** Clean technologies and other alternative energy projects have in the past and/or continue to enjoy support from national, state, and local governments and regulatory agencies designed to finance the development of clean technologies and alternative energy resources, such as the previous federal production tax credit, various renewable and alternative portfolio standard requirements enacted by several states, alternative energy credits, and state-level utility programs, such as system benefits charge and customer choice programs. Similar support, initiatives, and arrangements exist in non-US jurisdictions as well. The combined effect of these programs has been to subsidize, in part, the development, ownership, and operation of clean technologies and alternative energy projects, particularly in an environment where the low cost of traditional fossil fuels otherwise makes the cost of producing energy from renewable sources uneconomic.

The operation and financial performance of portfolio companies involved in the development, ownership, and/or operation of clean technologies and alternative energy projects are significantly dependent on state policies and regulatory frameworks that support renewable energy sources. Some of the US states or other jurisdictions in which such portfolio companies are located have Renewable Portfolio Standards ("RPS") requirements that support the sale of electricity generated from renewable energy sources. These RPS requirements impose renewable energy purchase obligations or targets on electric utilities and other retail energy suppliers. Electric utility suppliers may satisfy their RPS requirements by purchasing renewable energy or renewable energy credits ("RECs") from producers of electricity generated from renewable sources. There can be no assurance that government support for renewable energy will continue, that favorable legislation will pass, or that the electricity produced by such portfolio companies will qualify for support through the RPS programs. The elimination of, or reduction in, government policies that support renewable energy could have a material adverse

effect on a portfolio company's financial condition or results of operation. Any reduction in or elimination of these programs could have an adverse effect on development of clean technologies and alternative energy projects.

***Emissions Trading and Market:*** The market for trading emissions credits and carbon allowances is rapidly expanding but remains undeveloped relative to the markets for trading other commodities. The trading of emissions credits and carbon allowances is primarily done in illiquid over-the-counter markets. The lack of liquidity and price asymmetries in the market for trading emissions credits, coupled with uncertainty surrounding the development and expansion of environmental regulations, present significant risks for the participants in such trading markets. There can be no assurance that the Fund will be able to identify investments that generate emissions credits or otherwise successfully monetize any such emissions credits once obtained.

***Energy Generation and Related Infrastructure Asset Risks, Business and Operating Risks:*** Investment in energy and related infrastructure businesses and/or assets involves several business-related risks. Portfolio company revenues can be affected by a number of factors including economic conditions, political events, competition, regulation, and the financial position and business strategy of counterparties. In addition, operating costs can be influenced by a wide range of factors, many of which are not totally under the control of the owner/operator, including the breakdown or failure of equipment or processes, labor disputes, industrial accidents, and the need to comply with the directives of central and local government authorities. Unanticipated changes in the availability or price of inputs necessary for the operation of projects and/or assets could adversely affect the overall profitability of an investment. Events outside the control of a portfolio company, such as demographic changes, economic growth, increasing fuel prices, government macroeconomic policies, fee rates, social stability, technical obsolescence, competition from or other forms of energy, natural disasters (such as fire, floods, earthquakes, and typhoons), changes in weather, changes in demand for services, defective design or construction, bankruptcy or financial difficulty of a major counterparty, acts of war or terrorism, and other unforeseen circumstances and incidents could significantly reduce the revenues generated or significantly increase the expense of constructing, operating, maintaining, or restoring infrastructure facilities. In turn, this could impair a portfolio company's ability to repay its debt, make distributions to the Fund, or even result in termination of an applicable power purchase or other agreement. As a general matter, the operation and maintenance of energy generation and other facilities involve various risks, including labor issues, failure of technology to perform as anticipated, structural failures, and accidents. It is expected that applicable portfolio companies will maintain insurance to protect against certain risks, where available on reasonable commercial terms, such as business interruption insurance that is intended to offset loss of revenues during an operational interruption; however, such insurance is subject to customary deductibles and coverage limits, and may not be sufficient to recoup all of a portfolio company's losses. There can be no assurance that a portfolio company's insurance would cover liabilities resulting from claims relating to the design, construction, maintenance, or operation of the infrastructure facilities or other assets in which the Fund may invest, lost revenues, or increased expenses resulting from such damage. Furthermore, once energy generation and related infrastructure assets of portfolio companies become operational, they may face

competition from other energy generation and related infrastructure assets in the vicinity of the assets they operate, the presence of which depends in part on governmental plans and policies.

***Regulatory Approvals:*** The Fund invests in certain portfolio companies it believes have obtained all material federal, state, local, or non-U.S. approvals required to operate. In addition, from time to time, the consent or approval of certain regulatory authorities is required in order for the Fund to acquire or hold certain portfolio companies. The Fund's portfolio companies could be adversely affected to the extent regulations or applicable laws change or become increasingly stringent as a result of judicial or administrative interpretations with respect thereto. Moreover, additional regulatory approvals may become applicable in the future as a result of the foregoing or for other reasons. There can be no assurance that the Fund's portfolio companies will be able to obtain all required regulatory approvals or once obtained to maintain such approvals in accordance with the requirements applicable thereto. Failure or delay in obtaining any applicable regulatory approvals could adversely affect the business of the Fund and impede the Fund's ability to effectively achieve its investment objective.

***High Capital Costs:*** Energy projects, including those which focus on renewable energy sources, typically involve relatively high levels of upfront capital investment which entails a certain degree of risk. The return on investment in companies with high capital costs may not be achieved. If technologies underlying renewable energy or cleantech projects prove unsuitable for widespread commercial deployment, or if demand for such resources or products fails to develop sufficiently, the business of the Fund will be adversely affected.

***Political and Societal Challenges:*** Energy and related projects will be subject to siting requirements. For example, wind energy projects are subject to certain site controls imposed by the U.S. Federal Aviation Administration ("FAA") and must obtain determinations of no hazard to air navigation from the FAA's Air Traffic Airspace Branch prior to commencing, and upon completing, installation of wind turbines, since the turbines may pose hazards to air traffic due to their height. Siting of energy projects is also frequently subject to regulation by applicable state, county, and local authorities. From time to time, proposals to site a renewable or alternative energy plant are challenged by a number of parties, including special interest groups based on alleged security concerns, disturbances to natural habitats for wildlife, and adverse aesthetic impacts, including the common "not in my backyard" phenomenon. Concerns can also arise regarding some of the techniques used in the extraction of shale gas in order to enhance recovery, such as the use of natural gas hydraulic fracturing (also known as "fracking"), which usually requires governmental permits or approvals and which have recently been the subject of heightened environmental concerns and public opposition in some jurisdictions. The failure of any portfolio company to receive, renew, or maintain any required permits or approvals, or any inability to satisfy any requirement of any permits or approvals, will result in increased compliance costs, the need for additional capital expenditures, or a suspension of project operations.

***Regulatory Risk:*** Energy and related resources investments are subject to numerous federal and state energy laws and regulations, including, without limitation, the Federal Power Act ("FPA"), the Energy Policy Act of 2005, the Public Utility Holding Company Act of 2005 ("PUHCA"), and the Public Utility Regulatory Policies Act ("PURPA"). Changes in applicable energy laws



or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If a portfolio company fails to comply with these requirements, it could also be subject to civil or criminal liability and the imposition of fines. Federal and state energy policies, law, and regulation supporting the creation of wholesale energy markets is currently, and may continue to be, subject to challenges, modifications, and restructuring proposals, which may result in limitations on the commercial strategies available to the portfolio companies for the sale of power.

Under the FPA, the Federal Energy Regulatory Commission (“FERC”) regulates wholesale sales of electricity and the transmission of electricity in interstate commerce by “public utilities” as defined under the FPA and places constraints on the conduct of their businesses, including, among other things, rate and corporate regulation. In addition, the portfolio companies are subject to regulation by state agencies.

If certain conditions are not met, the FERC has the authority to deny, as well as later revoke or revise market-based rate authority and require sales to be made based on cost of service rates. Even where market-based rate authority has been granted, the FERC may impose various forms of market mitigation measures, including price caps, bidding rules, and operating restrictions, where it determines that potential market power might exist and that the public interest requires such potential market power to be mitigated. Failure to obtain or loss of market-based rate authority for any portfolio company could have a material adverse effect on such portfolio company’s revenues and business.

In addition, PUHCA provides, in relevant part, that any entity that owns, controls, or holds the power to vote 10% or more of the outstanding voting securities of a “public utility company” (which is defined to include an “electric utility company”) or a company that is a “holding company” of a public utility company or public utility holding company, is subject to certain regulations granting the FERC access to books and records and oversight over certain affiliate transactions. While it is expected that each portfolio company engaged in energy generation will have filed or will file a self-certification with the FERC stating that it is an exempt wholesale generator (“EWG”) and/or a “Qualifying Facility” (“QF”) under PUHCA prior to commencing operation, there is no guarantee that regulatory or other changes will not result in the loss of such EWG status or QF status or prevent other portfolio companies from obtaining such status, in which case the Fund and certain of its affiliates may become subject to regulation under PUHCA. State regulatory commissions may in some instances also have access to books and records of holding companies.

Certain portfolio companies also face regulatory risk imposed by various transmission providers and operators, including regional transmission operators and independent system operators, and their corresponding market rules. Transmission providers have FERC-approved tariffs that govern access to their transmission systems. These tariffs may contain provisions that limit access to the transmission grid or allocate scarce transmission capacity in a particular manner. Regulatory changes in a jurisdiction where a portfolio company is located may make the continued operation of such portfolio company infeasible or economically disadvantageous, and any expenditures made to date by such portfolio company may be wholly or partially written off. The locations of the portfolio companies may also be subject to government exercise of eminent

domain power or similar events. In addition, certain portfolio companies do or may operate in a historically unregulated environment and may face operational and other risks as a result of new and evolving regulations. Any of these changes could significantly increase the regulatory-related compliance and other expenses incurred by the portfolio companies and could significantly reduce or entirely eliminate any potential revenues generated by one or more portfolio companies, which could materially and adversely affect returns to the Fund.

***Documentation and Other Legal Risk:*** In addition to the matters described above regarding power purchase agreements, energy generation, and related resources projects are also typically governed by other complex legal agreements. As a result, there is a higher risk of dispute over interpretation or enforceability of the agreements. It is not uncommon for energy generation and related resources assets to be exposed to a variety of other legal risks including, but not limited to, legal action from special interest groups. From time to time, interest groups use legal processes to seek to impede particular projects to which they are opposed. See “Political and Societal Challenges” above.

***Interconnection and Delivery Risk:*** Portfolio companies engaged in energy production, generation, and/or transmission may deliver energy to its off-takers by interconnecting to the transmission network and may have interconnection agreements in place to do so. In order to be connected to a transmission network, a portfolio company will be required to meet certain technical specifications. If a portfolio company does not meet, or ceases to comply with, these specifications, such portfolio company will likely incur liabilities and penalties, including disconnection from the network. A portfolio company also faces the risk that its ability to deliver energy consistent with expectations could become constrained due to failure of the interconnection provider to complete any necessary system upgrades within the timeframe contemplated. Additionally, due to the way interconnection lines are managed, the required system upgrade costs are not yet fully known and it is possible these costs could be higher than anticipated. In addition, pursuant to interconnection agreements, the transmission owners and/or operators may retain the right to interrupt or curtail transmission deliveries as required in order to maintain the reliability of the transmission network. As such, portfolio companies may face curtailment of output due to system congestion, outages, technical incidents, or other circumstances impacting transmission network operations, and transmission owners and/or operators may fail to meet contracted obligations or terminate affected contracts. Any such curtailment of output could adversely affect the revenues of a portfolio company. Transmission owners also will not usually compensate electricity generators, including portfolio companies, for lost income due to any congestion, network outages, or other technical incidents. In addition, if a portfolio company fails to meet the milestones in the interconnection process, such portfolio company may lose its position in the transmission planning queue, which would result in significant increased cost and delay.

***Rate Risk:*** The Fund may invest in certain portfolio companies that derive substantially all of their revenues from wholesale or other sales of electricity or services related thereto, such as storage or grid management services. Users of the applicable service provided by a portfolio company may react negatively to any adjustments to the applicable rates, or public pressure may cause relevant government authorities to challenge such rates (or eliminate any direct or indirect subsidies supporting such rates). In addition, adverse public opinion, or lobbying efforts by

specific interest groups, could result in governmental pressure on portfolio companies to reduce their rates, or to forego planned rate increases or forego direct or indirect subsidies. The Adviser cannot guarantee that governmental entities with which portfolio companies have rate agreements will not try to negotiate or require lower rates or change policies regarding subsidies. If public pressure or government action forces portfolio companies to restrict their rate increases or reduce their rates, and they are not able to secure adequate compensation to restore the economic balance of the relevant concession agreement, the Fund's business, financial condition, and results of operations could be materially and adversely affected.

***Environmental Risk:*** National and local environmental laws and regulations affect the operations of renewable energy generation businesses. The Fund has invested and may invest in portfolio companies that are subject to changing and increasingly stringent environmental and health and safety laws, regulations, and permit requirements, and there can be no guarantee that all costs and risks regarding compliance with environmental laws and regulations can be identified. Standards are set by these laws and regulations regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, joint and several obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted or where materials were disposed of. New and more stringent environmental and health and safety laws, regulations and permit requirements or stricter interpretations of current laws or regulations could impose substantial additional costs on portfolio companies or potential investments and could create liabilities which did not exist at the time of acquisition and that could not have been foreseen. Compliance with such current or future environmental requirements does not ensure that the operations of portfolio companies will not cause injury to the environment or to people under all circumstances, or that portfolio companies will not be required to incur additional unforeseen environmental expenditures. Moreover, failure to comply with any such requirements could lead to, among other things, government fines and stop-work injunctions and could have a detrimental impact on the financial performance of a portfolio company. There can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, regulations, and permit requirements. Past practices or future operations of portfolio companies could also result in material personal injury or property damage claims.

Under certain circumstances, environmental authorities and other parties may seek to impose personal liability on the limited partners of a partnership (such as the Fund) subject to environmental liability. However, a limited partner investor in the Fund may reduce its risk of such personal liability by avoiding activities with respect to the portfolio companies other than as specifically contemplated by the partnership agreement of such Fund.

***Operations and Maintenance Risk:*** The operations of renewable energy generation and related assets and businesses are exposed to unplanned interruptions caused by significant catastrophic events, such as the force majeure type events described above, as well as by major plant breakdown, pipeline, or electricity line rupture or other disaster. Operational disruption, as well as supply disruption, could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in permanent loss of customers, substantial litigation, or

penalties for regulatory or contractual non-compliance. Moreover, any loss from such events may not be recoverable under relevant insurance policies. Business interruption insurance is not always available, or economic, to protect the business from these risks. Industrial action involving employees or third parties would disrupt the operations of resources projects. Renewable energy generation and related resources projects are exposed to the risk of accidents that could give rise to personal injury, loss of life, damage to property, disruption to service, and economic loss.

### Risks Applicable to Silver Lake Waterman

*In addition to the risks described above, the following risks are applicable to Silver Lake Waterman:*

***Unavailability of Leverage:*** Silver Lake Waterman Fund II, L.P. is (and previously Silver Lake Waterman Fund, L.P. was) a licensed as an SBIC. Silver Lake Waterman has raised additional Funds, some of which intend to utilize limited partnerships which will apply for (but may not necessarily be granted) leverage from the SBA, and some which will not apply for or utilize leverage. Being licensed as an SBIC does not automatically assure that a Fund will receive SBA debenture funding. Receipt of SBA debenture funding is dependent upon a Fund's continuing to be in compliance with SBA regulations and policies and there being funding available. For example, the SBA has the right to restrict the leverage available if it determines that a Fund does not have adequate management. In the event that one or more of the principals were to cease or decrease his level of involvement in the management of a Fund, the SBA will likely restrict leverage until it determines the Fund has adequate management, which may require the addition of one or more qualified replacements acceptable to the SBA. The availability of qualified replacements with background and experience similar to that of the principals may be extremely limited, and there can be no assurance that a Fund will be able to identify one or more qualified replacements or that any replacements proposed by a Fund will be acceptable to SBA. Furthermore, the amount of SBA debenture funding available to SBICs is dependent upon annual Congressional authorizations and in the future, may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient debenture funding available at the times desired by a Fund, thereby reducing a Fund's ability to make portfolio investments and implement its investment strategy. As a condition to any SBA leverage draw by any of the Funds that are SBICs whereupon the aggregate outstanding SBA leverage owing by them would exceed \$150 million, no Fund that is an SBIC is permitted to be in a condition of "Capital Impairment" (see risk factor below) under the SBIC Act. Accordingly, a condition of Capital Impairment by a Fund could potentially reduce the amount of SBA leverage available to another Fund. Thus, the ability of a Fund to access the full amount of SBA leverage that may be available to it will depend upon the repayment of SBA leverage by the other Funds and the other Funds not being in a condition of Capital Impairment.

***Regulation by the SBA:*** The Funds that are subject to SBA regulations and policies may face change in regulations and policies during their Fund life in ways that might require the Funds to alter their business activities or that may otherwise have a negative impact on the Funds. Current SBA regulations provide the SBA with certain rights and remedies if a Fund violates their terms. A key regulatory metric for the SBA is the extent of "Capital Impairment," which is the extent of

realized (and, in certain circumstances, net unrealized) losses incurred by an SBIC compared with such SBIC's Regulatory Capital (as defined under SBA regulations). Interest payments, management fees, organization, and other expenses are included in determining "realized losses". SBA regulations preclude the full amount of "unrealized appreciation" from investments from being considered when calculating Capital Impairment in certain circumstances. Remedies for regulatory violations are graduated in severity depending on the seriousness of Capital Impairment or other regulatory violations. For minor regulatory infractions, warnings are often given. For serious infractions, the use of debentures may be limited or prohibited, outstanding debentures can be declared to be immediately due and payable, restrictions on distributions and making new investments may be imposed, management fees may be required to be reduced, and investors may be required to pay their unfunded capital commitments to the SBIC. In severe cases, the SBA may require the limited partners to remove a Fund's general partner or its officers, directors, managers, or partners, or the SBA may obtain appointment of a receiver for the Fund.

***Use of SBA Debenture Leverage:*** The Funds which are SBICs will seek to borrow money under the SBA debenture program, which increases the risk of investing in these Funds. The use of leverage magnifies the potential for both losses and gains with respect to portfolio investments. Leverage is generally considered a speculative investment technique, and there can be no assurance that these Funds will generate returns that exceed the crossover point whereby the use of leverage results in net returns to limited partners that exceed the returns generated had these Funds been unleveraged. Leverage could allow these Funds to acquire portfolio investments that in total are substantially larger than the Funds' capital commitments, thereby amplifying the effects of changes in the value of portfolio investments upon distributions and returns to the partners both negatively and positively. As a result of the commitment fees, repayment obligations, and semi-annual interest payments to which SBA debentures are entitled, the Funds' investors may realize a lower return than they otherwise would have if they had made an investment in a fund that did not use SBA leverage, and may realize no return when they would have realized a positive return if they had made an investment in such a fund. Lenders of senior securities to these Funds, including the holders of SBA debentures, will have fixed dollar claims on the Funds' assets that are senior in priority to the claims of the Funds' limited partners. SBIC regulations currently permit an SBIC to borrow up to \$175 million, or a group of SBICs under common control to borrow up to \$350 million, subject to an overall limit of two times Regulatory Capital, among other things. As a result, maximum leverage for the applicable Funds would be achieved with a 2:1 ratio of leverage to commitments. The payments to which SBA debentures are entitled reduce or eliminate returns to the limited partners even if a Fund does not generate sufficient returns in excess of such payments. In addition, because the portfolio investments are illiquid, the Funds may be unable to dispose of them or may be required to dispose of them at a disadvantageous price in the event that the Funds need to do so to satisfy repayment obligations under the SBA debentures, and, as a result, the Funds would incur losses.

***Limits on Distributions:*** Pursuant to SBA regulations, an SBIC with outstanding debentures may distribute cumulative realized profits (less unrealized losses on investments) to its investors, but it may not return more than 2% of its Regulatory Capital to investors in any fiscal year without the SBA's prior approval. Historically, the SBA has permitted repayments in excess of 2% only pursuant to an approved "wind-up" plan filed by an SBIC pursuant to which the SBA determines

that repayment of the outstanding debentures is adequately assured. These limits on distributions may result in investors in the Funds receiving “phantom income”.

***Changes in Interest Rates:*** Because the Funds which are SBICs utilize SBA debentures to fund a significant portion of its portfolio investments, a material percentage of these Funds’ returns will rely upon the spread between the cost of capital at which these Funds borrow, and the interest rates at which these Funds deploy capital. The interest rate on SBA debentures is generally fixed after draw for up to 10 years in poolings of SBA leverage that take place twice per year, while the interest rates on the portfolio investments are generally set at the time that capital is deployed, and may have both fixed and floating rate components for an expected duration to maturity of 3-5 years. Because the interest rates at which these Funds borrow will generally be fixed, while the interest rates at which these Funds deploy capital will adjust over time, the spread between these two interest rates may decline during a period of falling interest rates. A Fund may not capture the same benefit of falling interest rates for its cost of capital that these Fund may have captured had it borrowed on a floating rate basis. Furthermore, because these Funds are expected generally to borrow SBA debentures with a term of up to 10 years, while lending money to portfolio companies with an expected duration of 3-5 years, these Funds may have the opportunity to reinvest capital in additional portfolio investments in accordance with the terms of the Funds’ partnership agreements. Reinvestment entails additional risks, including the risk that reinvested proceeds will have lower interest rates. As a result, a significant change in interest rates could have a material adverse effect on these Funds’ returns. Additionally, in periods of rising interest rates, the interest rate on SBA debentures that have not yet been drawn down by a Fund could be fixed at higher rates than at present, potentially reducing the spread between a Fund’s cost of capital and the interest rates at which the Fund deploys capital, thereby reducing the Fund’s returns. Although the Adviser will attempt to maintain an attractive spread, there can be no assurance that increased costs can effectively be passed on to the portfolio companies over time.

***Restriction on Investments:*** Because the Funds which are licensed as SBICs will seek to access SBA debentures, these Funds are subject to SBA regulatory restrictions that may materially limit the types of investments that the Funds may pursue and may place the Funds at a competitive disadvantage to other funds that are not subject to such restrictions. There can be no assurance that the potential benefits of accessing SBA debentures will outweigh the costs of complying with SBA regulatory restrictions. In particular, these Funds are limited to invest in qualified small businesses that do not exceed certain size restrictions, and also faces restrictions on how investments may be structured and priced. As more particularly described in the U.S. Code of Federal Regulations 13 CFR §§ 101 to 121.201, these Funds may generally only invest in businesses that have both a tangible net worth of less than \$19.5 million and net income of less than \$6.5 million, although there is an alternative test based on gross revenues or number of employees tied to the predominant industry of the business. Furthermore, these Funds must invest at least 25% of its invested funds in “smaller enterprises” that have both a tangible net worth of less than \$6 million and net income of less than \$2 million or meet the alternative test. Net income tests are generally based upon the average after tax income of the prior two years. Additionally, as more particularly described in U.S. Code of Federal Regulations 13 CFR § 107.855, these Funds are subject to cost of money restrictions that generally prohibit a Fund from charging interest rates in excess of 14% per annum on debt investments with equity

features, with the exception of certain fees, and 19% per annum on straight debt. These Funds are also subject to additional restrictions on the minimum duration of its debt investments and the structure of its prepayment fees, among other things. Accordingly, the scope of these restrictions may increase the risk of investing in the Funds.

***Equity Investments:*** Portfolio investments have generally been composed of mezzanine investments that typically include a warrant or other equity or equity-linked component and, from time to time, the Funds may make direct equity investments by purchasing equity securities. The Funds may also invest in preferred stock that has downside protection, and contractual return characteristics, similar to a credit structure. In structuring each portfolio investment, the Adviser considers the relative amounts of current income and equity appreciation to pursue, the sum of which can offer varying degrees of risk and return. The interest rates, dividends, warrants, and liquidation preferences that the Adviser can negotiate and structure with regard to portfolio investments, and the proportion of these components, is determined by the Adviser on a deal-by-deal basis and in accordance with circumstances and market conditions. In addition, the Funds may acquire the rights to purchase equity in the course of its business, and accordingly, the Funds may make direct equity investments in companies pursuant to these rights. These investments are determined by the general partner. Equity investments have the potential to enhance returns, but there can be no assurance that the Funds' equity investments will be successful. Both warrants and direct equity investments may not appreciate in value and may experience losses. Direct equity investments typically involve a greater risk of loss of principal than the Funds' core holdings of mezzanine investments with attached equity securities or warrants. Warrants frequently have a cashless exercise option that may enable the Funds to realize a gain without incurring the risk of a material cost basis, whereas direct equity investments will always have a cost basis at risk of loss. Additionally, from time to time the Adviser may determine that it is appropriate to exercise a warrant for cash instead of using any cashless exercise option, which would entail the same risks as a direct equity investment. The pursuit of direct equity investments increases the risk that the Funds will be unable to service its debt, including its SBA debentures, due to the fact that direct equity investments generally do not provide significant current income. As a result, the pursuit of direct equity investments increases the risk that the Funds will incur losses. In addition, the making of direct equity investments also increases the risk that the applicable Funds would fail to make the payments to the SBA required in connection with its use of SBA debentures, and therefore the risk that these Funds will fail to comply with SBA regulations. The performance of direct equity investments may be substantially lower than expected and therefore materially impact the Funds' ability to generate superior risk-adjusted returns. Direct equity investments are inherently more risky than debt-like investments, more volatile, more difficult to realize, and therefore would raise the risk of investing in the Funds for limited partners or cause the Funds to incur losses.

***Deferred Income:*** Typically, the Funds' mezzanine investments will be structured with varying interest rates and/or possibly dividends that are to be paid in a combination of cash on a regular basis or deferred interest income or dividends structured as payment-in-kind, non-cash pay, or liquidation preferences, proportions of which may vary. As such, there may and likely will be a deferred income component in the Funds' mezzanine investments under which interest, dividends, or liquidation preferences will be accrued upon such investments' principal balances and due at the maturity or realization date of such mezzanine investments. This means a varying

proportion of a Fund's income may not be paid in cash and may not be available for distributions at the same time that it contributes to the Fund's reported returns, potentially generating a tax liability. The proportion of a Fund's income that is structured as deferred income will be determined by the Adviser based upon circumstances and market conditions on a deal-by-deal basis. There is less certainty in the collection of deferred income than there is in the regular collection of interest payments or dividends paid in cash, which may increase the risk of investing in the Funds.

***Value of Collateral and Liquidation Preferences:*** The Funds are dependent upon the value of a security interest it obtains in the tangible or intangible assets of its portfolio companies, or liquidation preferences based upon enterprise value in the case of certain investments, to mitigate risk and provide an additional source of secured repayment and/or realization for the mezzanine investments due to the Funds. There is no guarantee that the Fund's security interest will offset losses in whole or in part. Evaluating the potential value of the Funds' collateral or liquidation preference based on enterprise value involves a high degree of subjectivity and uncertainty, in part due to the fact that companies in the technology, technology-enabled, and other growth industries operate in a rapidly evolving marketplace in which the value of their products, services, and assets is subject to considerable fluctuation or reduction. Additionally, structuring and implementing a security interest or liquidation preference that can effectively access collateral or realize enterprise value involves risks. If the assets or enterprise value securing the Funds' investments deteriorate in value, or if the Funds' security position or liquidation preference is subordinated to or otherwise compromised by other interests seeking repayment or realization from the same collateral or enterprise value, the Funds may not be able to recover the principal balance of its investments or any unpaid interest, fees, dividends or liquidation preference, and may experience losses. These potential losses could be exacerbated by the Funds' use of leverage.

***Risk of Subordination:*** The Funds invest primarily in portfolio companies through debt and debt-like investments. Some of the portfolio companies will be permitted to incur indebtedness that ranks senior to the Funds' investments. The terms of this indebtedness may provide that holders thereof are entitled to payments of interest or principal on or before the dates on which the Funds are entitled to payments of interest, dividends, principal, or liquidation preferences in respect of its investments. This indebtedness may prohibit portfolio companies from paying interest, dividends, principal, or liquidation preferences on a Fund's investments in the event of a default. In the event of default, insolvency, liquidation, or bankruptcy of a portfolio company, holders of indebtedness senior to those of a Fund will generally be entitled to full payment before the Fund receives any payment. At such time, holders of such indebtedness by means of their senior security position may exert influence over the portfolio companies that is inconsistent with a Fund's interests, including possibly effecting a restructuring that is unfavorable to the Fund's class of debt securities, and accordingly, the Fund would incur losses. Indebtedness that ranks equal in payment priority with that of a Fund, or *pari passu*, will share in proceeds on a pro-rata basis with the Fund, and accordingly, there may not be sufficient proceeds to ensure repayment of the Fund's debt, and the Fund may incur losses. Additionally, portfolio investments that the Funds structure as secured debt investments, may be recharacterized by a bankruptcy court and subordinated to the claims of other creditors, depending upon the facts and circumstances including the degree of involvement in management or control wielded by the



Funds. The Funds may also be subject to lender liability claims for actions taken by the Funds with regard to a portfolio company's business, including providing material assistance with management or exerting control, among other actions.

***Prepayment of Portfolio Investments:*** The Funds are subject to risk that the Funds' investments will be prepaid prior to maturity, thereby reducing the amount of interest or dividends earned on these investments. Prepayments occur frequently at the time of liquidity events, such as public offerings or mergers and acquisitions. The investment terms upon which the Funds which are SBICs make investments are regulated by the SBA and, by regulation, allow for prepayments with specified penalties that reduce over time. When the Funds experience a prepayment, proceeds may be invested in temporary investments that are lower yielding than typical investments, and there may be delays in reinvesting capital. Prepayments that occur after the end of a Fund's investment period may not be reinvested, meaning that the Fund may not be able to replace the interest or dividend income lost due to the prepayment, potentially lowering the Fund's returns. Reinvestment may be at lower yields than the Funds had previously attained, or may involve higher degrees of risk of principal loss. At the same time, there are inherent risks if the Funds do not receive adequate prepayment of investments. There is significant timing uncertainty concerning prepayment of the portfolio investments. There can be no assurance that the Funds will experience prepayments in amounts or at times that are favorable, and as a result the Funds' returns and distributions could be materially impaired.

***Illiquid and Long Term Investments:*** It is anticipated that there will be a significant period of time (up to six years or more) before the Funds will have completed making its investments in portfolio companies. The Adviser anticipates that the Funds' investments will often take from three to five years or more from the date of initial investment to reach maturity, when the principal balance of the Funds' investments is due and payable. Certain events, such as a prepayment, default, or a negotiated restructuring of terms, may shorten or lengthen the term of these investments. The Funds' warrants and direct equity investments will not generally have a contractual maturity date, and the timing of their realization, if any, is highly uncertain and unpredictable. Warrants generally expire five to ten years after their issuance. If exercised, the underlying equity securities generated by warrants may require additional time to be liquidated, the amount of which is highly uncertain. Actual time to realization may vary considerably due to the fact that the portfolio investments will generally be structured with both debt and equity components that may be realized at different times and through different mechanisms of liquidity. The Funds' investments will typically be structured to provide for current income to the Funds through periodic payments of interest, fees and dividends. Subject to SBA regulations on distributions, current income generated by the Funds which are SBICs may be able to be distributed to limited partners provided that cumulative distributions do not exceed cumulative realized earnings less unrealized depreciation on portfolio investments. However, cash flows realized by the Funds during the Funds' six-year investment periods may be reinvested into additional portfolio investments at the discretion of the general partner. In light of the foregoing, it is likely that no significant return of principal will occur until six and possibly ten or more years from the date of closing of the Funds, and distributions of interest, fees, dividends or other cash flows are subject to the aforementioned restrictions. Often, there will be no readily available market for mezzanine or equity portfolio investments. Disposition of such investments may require a lengthy time period or may result in distributions in-kind to investors. A lack of

liquidity for the Funds' investments would adversely impact the Funds' ability to sell or realize any of its portfolio investments, or would prevent the Fund from doing so at a favorable price. As a result, the Funds could incur substantial losses.

The Funds' ability to realize returns on its warrants and direct equity investments will be dependent upon portfolio companies ultimately achieving a liquidity event, either through a merger or acquisition, a reorganization, or public offering of equity. To a certain extent, the Funds' investments also depend upon portfolio companies achieving a liquidity event, as investments are frequently repaid out of proceeds from a public offering or merger or acquisition. Portfolio companies will be relatively small in relation to publicly-traded companies, which reduce their ability to achieve a successful liquidity event for the Funds. In most cases, there will be no public market for the securities held by the Funds at the time of their acquisition. The Funds will generally not be able to sell a portfolio investment in the public market unless its sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, the Funds likely will be prohibited by contract or other limitation in some cases from selling a portfolio company's securities or other instruments for a period of time (*e.g.*, due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so. To the extent that there is no liquid trading market for an investment, the Funds may be unable to liquidate that investment or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers for the portfolio investments will be found. Similarly, due to the nature of the underlying investments, the sale of such portfolio companies may be subject to various regulatory approvals. Furthermore, companies in the technology, technology-enabled, and other growth industries by their nature are subject to industry cyclicity, downturns in demand, market disruptions, and the lack of available capital for potential purchasers and are therefore often difficult or time consuming to liquidate. Upon dissolution of the Funds or as otherwise provided in the Funds' partnership agreements, portfolio investments may be distributed in-kind so that limited partners may then become minority debt holders or shareholders in a number of unlisted companies (and as a consequence be unable to protect their interests effectively).

***Passive Investments; Inability to Control:*** Portfolio investments will primarily be structured as mezzanine investments. As mezzanine investors, the Funds do not generally expect to control the portfolio companies or to have the right to appoint a director or otherwise exert significant influence or protect its position. In the event that a Fund negotiates financial covenants in conjunction with some of the Fund's mezzanine investments that limit or otherwise restrict some of the business operations of the portfolio companies or provide the Fund with certain rights, such covenants would not be designed to provide the Fund with control of the portfolio companies and would in fact present additional risks such as those associated with lender liability. Additionally, to the extent that a Fund owns equity securities in a portfolio company, such investments will not generally provide the Fund with a control position. In each such case, the Fund will be significantly reliant upon the existing management and board of directors, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with those of the Fund. Accordingly, the Funds are subject to risk that portfolio companies may make business decisions with which the Adviser

may disagree, and the Funds will have limited recourse. A lack of liquidity for the portfolio investments would prevent the Funds from disposing of portfolio investments when such a conflict occurs, and as a result, the Funds could incur losses.

***Covenants and Cross-Defaults:*** The Funds negotiate financial covenants in conjunction with some of the Funds' investments, or invest in portfolio companies that are subject to the financial covenants of senior lenders. A portfolio company's failure to meet financial or operating covenants negotiated by the Funds or senior lenders could result in one or more defaults and, potentially, acceleration of principal and interest obligations and foreclosure upon its assets, which could trigger a cascade of cross-defaults under other legal agreements and ultimately jeopardize the portfolio company's ability to operate and meet its obligations under the mezzanine investments that the Funds hold. As a result, it is possible that the existence of covenants leads to suboptimal investment outcomes for the portfolio investments compared to investing in portfolio companies without financial covenants, and as a result, the Funds could incur losses. Additionally, the Funds could incur additional expenses in the process of resolving issues arising in connection with breaches of covenants and defaults.

***Legal, Tax, and Regulatory Risks:*** Legal, tax, and regulatory changes could occur during the term of the Funds that adversely affect the Funds, their portfolio companies, or partners. In particular, each Fund which is licensed as an SBIC under the SBA debentures program will be affected by any changes to the regulations governing the SBA's debentures program. For example, from time to time, the code of federal regulations is amended to change the amount of financing or the cost of financing available to SBIC funds under the debentures program. The size restrictions and cost of money limitations respectively governing in which small businesses these Funds may invest and on what terms the Funds may do so, may change in accordance with SBA regulations. For example, SBA regulations recently changed under the 2009 American Reinvestment and Recovery Act, or "ARRA," increasing the leverage available to any one particular SBIC from \$137 million to up to \$150 million. Also, the ARRA increased the total amount of leverage available to a group of SBIC funds under common control from \$137 million to up to \$350 million. In 2018, upon signing of the Small Business Investment Opportunity Act of 2017, the amount of leverage available to any one particular SBIC was further increased from \$150 million to \$175 million. Although recent changes have been favorable, there can be no assurance that future changes to SBA regulations will be of benefit to these Funds and may in fact be contrary to the interests of the Funds and impair returns. The Funds will not request any ruling from the U.S. Internal Revenue Service ("IRS") as to any federal income tax consequences relating to the structure or operation of the Funds. There can be no assurance that any tax position taken by the Funds will not be challenged by the IRS. One such tax risk is that a limited partner may be allocated income and gain that is taxable for federal (and possibly state and local) income tax purposes without a corresponding cash distribution and without the ability to withdraw funds from the Funds to pay the tax thereon.

## **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

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

### **Related General Partners**

Certain entities controlled by or under common control with Silver Lake Technology Management serve as general partners of the Funds. For a description of any material conflicts of interest created by the relationship between the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

### **Affiliate Advisers**

Silver Lake Technology Management currently has 15 adviser subsidiaries based in the United States: Silver Lake Management Company II, L.L.C.; Silver Lake Management Company III, L.L.C.; Silver Lake Management Company IV, L.L.C.; Silver Lake Management Company V, L.L.C.; Silver Lake Management Company VI, L.L.C.; Silver Lake Management Company SPV-1, L.L.C.; Silver Lake Management Company SPV-2, L.L.C.; Silver Lake Management Company SPV-3, L.L.C.; Silver Lake Waterman Management Company, L.L.C.; Silver Lake Waterman Management Company III, L.L.C.; Silver Lake Alpine Management Company, L.L.C.; Silver Lake Alpine Management Company II, L.L.C.; Silver Lake Management Company LTC, L.L.C.; Silver Lake Management Company Sumeru, L.L.C.; and Silver Lake Kraftwerk Management Company, L.L.C. (collectively, the “Adviser Subsidiaries”).

Although the Adviser employs its own investment advisory personnel, the Adviser also utilizes the services of and obtains assistance from Silver Lake Europe LLP; Silver Lake Asia Limited; Silver Lake Asia, LLC, Japan Branch; Silver Lake (Shanghai) Investment Consulting Co., Ltd.; and Silver Lake Cayman, L.P. (collectively, the “Foreign Affiliate Sub-Advisers” and together with the Adviser Subsidiaries, the “Affiliate Advisers”). The Foreign Affiliate Sub-Advisers, to the extent they assist the Adviser in rendering investment advice with respect to one or more Funds, are considered “participating affiliates” of the Adviser and comply with the required record keeping and inspection provisions of the Investment Advisers Act of 1940 (as amended, the “Advisers Act”) set forth in the *Uniao de Bancos de Brasileiros S.A.* (July 28, 1992) no-action letter and similar SEC staff no-action positions. The Adviser subjects each of the Foreign Affiliate Sub-Advisers and their respective employees to the Adviser’s regulatory oversight and its Code of Ethics (see Item 11) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Advisers Act (in addition to applicable local laws and regulations). Certain Foreign Affiliate Sub-Advisers are registered with the regulatory authorities in their local jurisdiction based on their particular business and requirements of local law. Typically, these Foreign Affiliate Sub-Advisers identify, evaluate and monitor investment opportunities and investments in the foreign jurisdictions in which they are located solely to advise the Adviser on investment opportunities for a Fund. The Foreign Affiliate Sub-Advisers also meet with potential and current non-U.S. investors but do not make investment-related decisions.

The Funds will have certain conflicts with the Adviser, affiliates of the Adviser, and other clients advised by the Advisers or affiliates of the Adviser. Consequently, for purposes of Items 6 and 11, (i) “Adviser” includes Silver Lake Partners, Silver Lake Long Term Capital, Silver Lake

Sumeru, Silver Lake Kraftwerk, Silver Lake Waterman, Silver Lake Alpine, and the Foreign Affiliate Sub-Advisers, and (ii) “Fund” includes any Fund advised by the Adviser.

### **Related Investment Advisers**

Many Silver Lake Sumeru professionals have begun working for other investment advisers (each such adviser, an “Other Adviser”), including (i) Sumeru Equity Partners, LLC (“SEP”) and (ii) Hollie Moore Haynes has co-founded a private equity fund called Luminate Capital Partners (“Luminate”) that is unaffiliated with either Silver Lake or SEP. Adviser Personnel (as defined in Item 11, below) may invest in and alongside, and the Funds may invest alongside or otherwise do business with, funds managed by SEP, Luminate or Other Advisers. For more information on the Other Advisers (including SEP) and any conflicts of interest related thereto, please see Item 11 below.

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

### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers, and employees, as well as officers and employees of its affiliates (together, “Adviser Personnel”) and certain independent contractors and non-employee advisors (collectively, “Adviser Covered Persons”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Covered Persons and their covered family members generally may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics; however, with limited exceptions, Adviser Covered Persons and their family members are generally prohibited from holding the publicly traded securities of individual companies in the technology sector, with few exceptions. Under the Code of Ethics, Adviser Covered Persons are required to file certain periodic reports with the Adviser as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Covered Persons who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension, or dismissal. Adviser Covered Persons are also required promptly to report any violation of the Code of Ethics of which they become aware. Adviser Covered Persons are required to certify annually their compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Sharon B. Binger, Managing Director and Chief Compliance Officer: Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

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

Entities affiliated with, and personnel of, the Adviser invest in and alongside the Funds, either through the general partners, as direct investors in the Funds, or otherwise, such as through Side-By-Side Co-Investment Vehicles. No Advisory Fee is charged nor Carried Interest taken on investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including a purchaser of a limited partner’s interests in a secondary transaction) or a co-investment opportunity (see below) ask different questions and request different information, the Adviser from time to time regularly provides certain information to one or more prospective investors or limited partners that it does not provide to all of the prospective investors or limited partners. The fact that the Adviser has provided such information upon request by one or more limited partners does not obligate the Adviser to affirmatively provide such information to all limited partners. As a result, certain limited partners will have more information about a Fund than other limited partners, and the Adviser has no duty to, and does not intend to, ensure all limited partners seek, obtain or process the same information regarding a Fund and its investments and/or portfolio companies.

## **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management, and other services to the Funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time, conflict with the interests of the Adviser, other Funds, co-investment vehicles, or their respective affiliates. A description of certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below. Further, the Adviser has a Conflicts Committee that, among other things, is designed to review other scenarios that may implicate potential conflicts of interest, such as an allocation between Funds if the opportunity to share investments presents itself.

The Adviser from time to time establishes certain investment vehicles through which certain Adviser Personnel, and independent contractors and/or their family members of the Adviser, and/or family members of the Adviser’s affiliates, certain limited partners of the Main Funds, certain business associates, or other persons close to the firm invest alongside one or more Main Funds in one or more investment opportunities. Such vehicles generally are contractually required, as a condition of investment, to purchase and exit their investments in each investment opportunity at substantially the same time, and on substantially the same terms, as the applicable Main Fund that is invested in that investment opportunity. Such co-investment vehicles (including Side-By-Side Co-Investment Vehicles) typically do not pay Advisory Fees or Carried Interest or Break-up Fees (although Silver Lake Long Term Capital is expected to bear its pro rata share of any Break-Up Fees).

## ***Resolution of Conflicts***

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's reasonable judgment, in consultation with its Conflicts Committee, as appropriate, but in its sole discretion. In resolving conflicts, the Adviser considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Conflicts may be managed by, without limitation:

- establishing an information barrier or other similar restriction to segregate the information within the Adviser which may give rise to a conflict, although the Adviser is only able to do this in certain circumstances since it currently generally runs a unified business;
- segregating responsibilities of individuals or causing any affected individual to appropriately recuse himself or herself from any relevant matter;
- seeking to ensure that the interests of the Adviser and the Funds are aligned to the greatest extent practicable and to minimize non-conforming treatment or the creation of differential interests in the structuring of the applicable arrangement;
- adopting and implementing policies and procedures designed to reduce or eliminate certain conflicts of interest;
- acting in a manner prescribed in the relevant Fund documents (*e.g.*, allocating transaction fees between the Adviser and a Fund in accordance with the fee sharing provisions set forth in the relevant partnership agreement); or
- disclosing the existence of such conflicts in the relevant Fund documents (*e.g.*, a Fund's private placement memorandum) or in other communications to investors.

Certain provisions of a Fund's documents are designed to protect the interests of investors or provide for certain forms of disclosure in situations where conflicts may exist, although these provisions do not necessarily eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund or its ability to achieve its investment objectives in the absence of such a conflict.

In addition, many Funds have established a limited partner advisory committee, consisting of representatives of investors. The limited partner advisory committees meet as required (but not less than twice a year) to consult with the Adviser and, from time to time as requested by the Adviser, provide consent as to certain potential conflicts of interest and as otherwise deemed appropriate by the Adviser. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion.

### *Conflicts*

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not describe all of the material conflicts that may be faced by a Fund. Other conflicts are disclosed throughout this brochure, and the brochure should be read in its entirety and in conjunction with the applicable Fund documents and other investor disclosures for other conflicts.

## *Allocation*

In connection with its investment activities, the Adviser encounters situations in which it must determine how to allocate investment opportunities among various clients and other persons, which include, but are not limited to, the following:

- the Main Funds;
- any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in such co-investment vehicles may include Adviser Investors and/or individuals and entities that are not investors in any Main Funds (“Third Parties”));
- Adviser Investors and/or Third Parties that wish to make direct investments (*i.e.*, not through an investment vehicle of the Adviser) side-by-side with one or more Funds in particular transactions entered into by such Fund(s);
- The Adviser itself and/or its personnel, members or partners; and
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

## *Allocation of Investment Opportunities Between or Among Clients*

The Adviser makes allocation determinations consistent with the Funds’ Organizational Documents and in accordance with its written policies and procedures. In allocating investment opportunities, the Adviser is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structure, the Adviser may have an incentive to allocate investment opportunities to Funds from which the Adviser or its affiliates derives, directly or indirectly, a higher fee, compensation or other benefit. To address these potential conflicts of interest, the Adviser has adopted written policies and procedures relating to the allocation of investment opportunities and makes allocation determinations consistently therewith.

The Adviser has an Allocation Policy designed to allocate investment opportunities consistent with its fiduciary duties to each of the Funds and in light of possible overlapping mandates between more than one Fund. The Allocation Policy takes into account any contractual or other obligations under the Governing Documents along with the investment objectives or guidelines of each Fund in setting forth certain factors that shall be considered in considering whether or how to allocate an opportunity, in its good faith judgment, either to a single Fund or between more than one Fund. Among the factors the Adviser will take into account when considering allocation decisions are the following: (i) the nature of the potential investment; (ii) the expected amount of capital required to make the investment as well as the relevant Funds’ current and projected capacity for investing (including for any potential follow-on investments and whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity and/or wishes not to commit a maximum amount in order to preserve flexibility to consider additional opportunities notwithstanding that it may have available capital with which to fund the investment); (iii) the targeted rate of return and investment holding period of the relevant Funds; (iv) the existing portfolio of investments of the relevant Funds, including a



Fund's existing positions in a particular security or issuer and each Fund's investment concentration parameters (including, without limitation, geography, industry, issuer, volatility, leverage or other similar risk metrics); (v) the investment opportunity's risk profile; (vi) the expected life cycle of the relevant Funds; (vii) the expected hold period of the potential investment; (viii) the ability of the relevant Funds to accommodate structural, timing and other aspects of the investment process; (ix) suitability of the potential investment as a follow-on investment for a current portfolio company of a Fund; (x) availability of other suitable investments for the relevant Funds; (xi) supply or demand of an investment opportunity at a given price level; (xii) legal, tax, contractual, regulatory and other considerations deemed relevant by Silver Lake Compliance; (xiii) a Fund's investment policies and restrictions, guideline limitations, targets or investment objectives; (xiv) likelihood of current income; (xv) the "centrality" of an investment to a Fund's mandate; (xvi) the size of a particular Fund; (xvii) transaction sourcing (and with respect to an investment opportunity originated by a third-party, the relationship of a particular Fund to or with such third-party); (xviii) diversification; (xix) any applicable confidentiality and/or material non-public information considerations arising from the allocation of the investment; (xx) lender covenants; and (xxi) such other factors as the Adviser may reasonably deem relevant in its discretion.

The Adviser will not allocate investment opportunities, in whole or in part, based on (i) the relative fee structure or amount of fees paid by the Fund, (ii) the profitability of any Fund or (iii) the Carried Interest participation levels of any team members in any Fund. In addition, while no such restrictions currently exist, in the future certain funds or accounts could be subject to legal and regulatory restrictions under the Investment Company Act of 1940, as amended, that may prevent the Fund from receiving allocations of investment opportunities also held or allocable to such regulated funds or accounts or investing in different types of securities or instruments issued by the same issuer or its affiliates.

The Adviser may give advice and recommend assets, instruments, loans, securities or other investments to Funds or accounts managed by the Adviser which may differ from advice given to, or assets, instruments, loans, securities or other investments recommended or bought for another Fund even though the investment objectives of such Funds or managed accounts may be the same or similar. Because there can be extended periods of time between an investment's signing and closing date, at times months or more, it is possible that a Fund's circumstances may be different at closing than expected at the time of signing. Therefore, notwithstanding the application of the Adviser's good faith judgment as to allocation at the time a deal is signed, it is expected that there may be circumstances where allocations are adjusted between signing and closing, and such adjustments may be material.

In addition, allocation of such opportunities by the Adviser requires it to make subjective judgments regarding application of the above guidelines. The Adviser may itself be conflicted when making such judgments in the event it may have disparate respective economic interests as between the Funds. In addition, any such judgments and application involves inherent conflicts and risks that assumptions regarding investment opportunities will not ultimately prove correct and there can be no assurance that the subjective judgments made by the general partner will prove correct in hindsight. Furthermore, certain Funds may also receive priority with respect to the general partner's ability to allocate investment opportunities, including where such

opportunities are within the common objectives and guidelines of the Funds (which allocations are to be made on a basis that the general partner believes in good faith to be fair and reasonable and consistent with the Adviser's allocation policies and procedures). There can be no assurance that the application of the guidelines and factors set forth above will result in a Fund participating in all investment opportunities that fall within its investment objectives.

In addition, certain current and former employees, personnel and non-employee access or non-access advisors of the Adviser invest indirectly and may be permitted to invest directly in Funds and may therefore participate directly or indirectly in investments made by the Funds in which such people invest, and in varying amounts. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund, or making other determinations with respect to a Fund's interests.

#### *Allocation of Co-Investment Opportunities to Third Party Investors*

Unless otherwise allowed by the provisions of a Fund's Governing Documents, generally no limited partner co-investment opportunity or transaction will be allocated to a "Third Party Investor" (such as, but not limited to, limited partner co-investors who invest through a Silver Lake vehicle, that are not affiliates of the Adviser) unless or until there is additional capacity to participate in such opportunity beyond full allocation to the appropriate Fund or Funds (which includes allocations to Side-by-Side Co-Investment Vehicles and allocations to Silver Lake Long Term Capital), as determined by the Adviser in good faith, in accordance with the Partnership Agreement and other governing documents of such Fund or Funds. For the avoidance of doubt, the Adviser may, from time to time, offer certain excess capacity in investment opportunities to another Fund (including a Side-by-Side Co-Investment Vehicle or Silver Lake Long Term Capital) even if such investment opportunity does not fit squarely within the investment guidelines of such other Fund. Any such allocations would have the effect of reducing co-investment opportunities available to investors and other third-parties.

Notwithstanding the foregoing, the Adviser will evaluate each situation with a view toward acting in the best interests of the Fund or Funds, and where necessary or appropriate, may deviate from the general framework described herein if the Adviser believes in good faith that doing so would be beneficial to such Fund(s).

Two institutions that own direct or indirect interests in the Adviser have a contractual right to co-invest certain elected amounts alongside the Silver Lake Partners Funds and, in some cases, the Silver Lake Alpine Funds through the Side-by-Side Co-Investment Vehicles. The Adviser, on behalf of the Long Term Capital Fund, also has the right to make an election once a year to co-invest with such Funds at a constant rate below a specific percentage that then applies to all investments made by that Fund during the next co-investment year (unless there is a triggering event under the relevant partnership agreement that would allow for a re-election at the same or lower level). Such elected investments are included with the Adviser's affiliates' investments for purposes of calculating limits under the applicable partnership agreement on the general partner's ability to make co-investments (but which co-investments are excluded from any cap on limited partners' commitments to a Fund). At least one of the two institutions has exercised the right to invest a significant amount of capital on this basis. The other just received its

contractual right to co-invest during 2020. These opportunities are distinct from the individual deal by deal co-investment opportunities offered more generally to limited partners, which are subject to the Adviser's sole discretion, as described above, and the Adviser may determine to allocate additional investment amounts to any current or prospective investors, including these two institutions or their affiliates, if the Adviser determines there is excess capacity available, in accordance with its Allocation Policy.

Other than those investors and as set forth herein or in a Fund's Governing Documents, subject to the Adviser's Allocation Policy, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions (such as, but not limited to, counterparties in the transaction), (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of a co-investment opportunity than originally requested and an investor may be offered fewer investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, (iv) certain persons other than investors in the Funds will, from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons, and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). A non-binding acknowledgement by the general partner of a limited partner's interest in co-investment opportunities does not require the general partner to notify such limited partner of any co-investment opportunity or make an offer thereof. Each co-investment opportunity, to the extent they exist, is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique opportunity (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty).

In exercising discretion in deciding how to allocate co-investment opportunities, in addition to its own interests, the Adviser may take into account various facts and circumstances deemed relevant, and has certain incentives to favor one investor over another based on a number of factors. It is possible that some investors will receive multiple opportunities for co-invest while others will receive none. In accordance with the Adviser's allocation policies, facts and circumstances may include, but are not limited to one or more of the following: the Adviser's evaluation of optimal deal structure and participants to maximize returns for a Fund on a deal-by-deal basis; the ability of potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight (inclusive of past contributions such as providing help sourcing and/or analyzing the transaction); the overall strategic or other benefit of offering an investment opportunity to such potential co-investment party; the Adviser's evaluation of the capacity and financial resources of potential co-investor and the Adviser's perception of the ability of that person or entity (in terms of, for example, staffing, expertise, and other resources) to participate efficiently and expeditiously in the investment opportunity without harming or otherwise prejudicing the relevant Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is

typically the case; if the potential co-investor is an investor in the Fund(s), the size of its capital commitment to the Fund(s); the likelihood that the potential co-investor would require governance rights that would complicate or jeopardize the transaction (or, alternatively, whether the investor would be willing to defer to the Adviser and assume a more passive role in governing the portfolio company); any conditions that would require particular structuring implementation or covenants of the potential co-investor that would not otherwise be required; the Adviser's concerns regarding confidentiality or regulatory issues in connection with providing the potential co-investor with specific information relating to the investment opportunity in order to permit such party to evaluate the investment opportunity; the Adviser's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such party to respond promptly and/or affirmatively to opportunities previously offered by the Adviser, the expected amount of negotiations required in connection with a potential co-investor and the transparency and predictability of the potential co-investor's investment process; the Adviser's understanding of a potential co-investor's openness and ability to participate in any initial (and, if relevant) follow-on investment opportunities, should they arise; the character and nature of the co-investment opportunity (including structure, geographic location, tax characteristics, applicable regulation and relevant industry); the level of demand for participation in such co-investment opportunity; any interests a potential co-investor has in any competitors of the portfolio company; the Adviser's evaluation of whether the investment opportunity may subject the potential co-investor to legal, regulatory, reporting, public relations, media, or other concerns or burdens that make it less likely that the potential co-investor would act upon the investment opportunity if offered; any issues that could influence the Adviser in its decision to invite one or more potential co-investors to participate, such as that they are subject to FOIA and/or whether participation could increase the risk of antitrust or CFIUS approval; the Adviser's evaluation of whether the profile or characteristics of the potential co-investor may have any other impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investor, or the jurisdiction in which the potential co-investor is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); the Adviser's belief, in its sole discretion, that allocating investment opportunities to the potential co-investor will help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to the Funds or future Funds, in each case including their portfolio companies, or to the Adviser in its ability to generate new investment opportunities for the Funds or future Funds; and any other facts or circumstances that the Adviser deems appropriate or relevant.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances.

In connection with any such co-investment by Third Party Co-Investors, the Adviser expects to establish one or more investment vehicles managed or advised by the Adviser to facilitate such co-investors' investment alongside a Fund. Co-investments may be offered by the general partner on such terms and conditions (including with respect to management fees, administrative

fees, Carried Interest and related arrangements) as will be negotiated by the general partner and the potential co-investors on a case-by-case basis in their respective sole and absolute discretion. Other terms of future co-investment vehicles may differ materially from former co-investment vehicles, and in some instances may be more favorable to the Adviser than the terms of the Fund, and such different terms may create an incentive for the Adviser to allocate a greater or lesser percentage of an investment opportunity to the Fund or such co-investment vehicles, as the case may be. Such incentives will from time to time give rise to conflicts of interest, and there can be no assurance that such conflicts of interests will be resolved in favor of the Fund. Accordingly, any investment opportunities that would have otherwise been offered or allocated, in whole or in part, to the Fund may be reduced and, instead, made available to certain strategic co-investors, in accordance with the Adviser's Allocation Policy and the relevant Funds' Governing Documents. The Adviser has implemented mitigants to address these potential conflicts, including by having a Conflicts Committee that can review certain allocation decisions.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among various potential co-investors in the manner discussed above may not, and often will not, result in proportional allocations among such co-investors, and such allocations may be more or less advantageous to some such co-investors relative to other such co-investors. While the Adviser will determine how to allocate investment opportunities using its reasonable judgment, considering such factors as it deems relevant, but in its sole discretion, 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 to the Fund as they would be if the conflicts of interest relating to co-investment discussed herein did not exist. To the extent the Governing Documents of the Funds contain parameters or restrictions on "co-investment" or matters related thereto (including restrictions on the Adviser and its affiliates with respect to co-investments alongside the Fund), "co-investment" will generally be interpreted to mean those situations where an investment is being made at or around the same time, and in the same securities, as the Fund is acquiring in a privately negotiated transaction (and not in the open market). In any other circumstances, an investment by the Adviser and its affiliates, even if in a portfolio company of a Fund, will not be considered "co-investment".

In the event the Adviser offers an investment opportunity to potential co-investors, there can be no assurances that such investment will be participated in by any potential co-investor, if at all, that the closing of such co-investment will be consummated in a timely manner, that such co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of such co-investment will not be substantial. As a consequence, the Fund may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment than it otherwise would have, had more of the investment been syndicated to a co-investor. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have greater exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a

result. Moreover, an investment by the Fund which is not syndicated to co-investors as originally anticipated could significantly reduce the Fund's overall investment returns.

The Adviser may also invite one or more individuals into an investment as strategic co-investors, for example, where such an individual may possess or bring qualities that the Adviser believes did add, or may in the future add, strategic value to the investment (but for the avoidance of doubt they are not required to possess such qualities, nor if they do possess them, to apply such qualities to the relevant portfolio company), or where an individual may have acted as an adviser to the potential investment or played some other role that the Adviser wishes to provide with an incentive on a go forward basis. In light of the potential value to the Fund or investment, the Adviser may make such an allocation even if the Fund may have capacity for additional investment. In addition, the Adviser may agree with investors in a Fund or as a part of an overall strategic relationship with the Adviser to more favorable rights with respect to co-investment opportunities, and to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to other limited partners.

The Adviser or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Fund. Any such vehicle will be established at the Adviser or its affiliates' sole discretion and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor.

The Adviser may also encounter allocation conflicts with respect to the selection of lenders and the allocation of loan amounts among prospective lenders (which may include a Fund, and/or an institution or an affiliate thereof that is invested in the Adviser, in addition to one or more third-party lenders) in the case of loans to portfolio companies of a Fund. Even where providing financing to a portfolio company of a Fund is attractive to another Fund, the Adviser is under no obligation to make the opportunity available to that other Fund if the Adviser and its affiliates determine that it is in the interests of such portfolio company not to do so, and there can be no guarantee that a Fund will achieve its desired allocation, if any, of investments in portfolio companies of other Funds.

### *Secondary Transfers*

To the extent the Adviser has discretion over granting or withholding consent to a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally considering the factors listed above for allocation to potential co-investors as it may deem appropriate under the circumstances.

### *Valuation of Assets*

The Adviser is responsible for the valuation of each Fund's assets, in accordance with such Fund's Governing Documents and valuation policies. There is no actively traded market for many of the securities owned by the Funds. Securities and all other assets for which no market prices are available will be valued at such value as the Adviser may reasonably determine, subject to analysis and review of a third party valuation appraiser.

Valuations are generally subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, which are further exacerbated during periods of market uncertainty or dislocation, and the resulting values may differ from values that would have been determined had an active market existed for such securities or had there been no market uncertainty or dislocation, and may differ from the prices at which such securities may ultimately be sold.

It is the Adviser's policy to determine the "fair value" of the Funds (with the exception of certain Silver Lake Waterman Funds, which apply SBA guidelines for certain of its Funds which are SBICs) in accordance with U.S. Generally Accepted Accounting Principles, particularly Accounting Standard Codification 820, Fair Value Measurements. When estimating fair value, a methodology is applied in light of the nature, facts and circumstance of the investments. With respect to the Funds, the exercise of such discretion by the Adviser may give rise to conflicts of interest, as such valuations affect performance calculations. In the case of certain Funds, the valuation of investments will affect the amount and timing of the Carried Interest under certain circumstances, and in the case of Silver Lake Long Term Capital, will affect the general partner's percentage interest in portfolio investments under certain circumstances. The reported performance resulting from the valuation of investments may also affect the ability of the Adviser to raise another Fund, such as a successor fund to a Fund. As a result, there may be circumstances where the Advisers are incentivized to determine valuations that may be higher or lower than the actual fair value of investments, depending on the context surrounding such valuation. In order to mitigate this conflict, the majority of valuations are conducted by an independent third party valuation firm, are subject to multiple levels of review within the Adviser, and are further subject to the valuation committee's final approval, and all portfolio investments are fairly valued in accordance with the procedures set forth in the Adviser's Valuation Policy.

#### *Conflicts Related to Purchases and Sales*

Funds or affiliated entities from time to time invest in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment (or vice versa). Conflicts may arise in connection with such investments. Investment opportunities may be appropriate for different Funds at the same, different, or overlapping levels of a portfolio company's capital structure. Additionally, a Fund may buy or sell securities or other instruments in companies in which the Adviser, its affiliates or their Adviser Personnel are invested for their own accounts. Adviser Personnel have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. The Adviser has implemented policies and procedures to seek to mitigate these types of conflicts, but there can be no assurance that these policies will effectively address all such situations. Potential or actual conflicts in respect of these overlapping investments are expected in the future to arise in determining the terms of investments, particularly where these Funds and/or Adviser Personnel invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced. Where two Funds (or a Fund and an affiliated entity) have overlapping investments, decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to

advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring will present potential or actual conflicts of interest, particularly in or among Funds that have invested in different securities within the same portfolio company. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will likely have the ability to elect some or all of the members of the board of directors of such a portfolio company, thereby potentially controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds if such other Funds have invested in different types of securities in the same portfolio company, especially if such Funds do not have the same level of control or influence over the portfolio company.

Certain Funds have in the past invested and may in the future invest in loans and/or debt securities of companies in which other Funds or Adviser Personnel hold other securities, including equity securities. Because different legal rights are associated with debt and equity investments in the same portfolio company, a conflict of interest may arise in respect of the advice the Adviser or its affiliates gives to, and the actions it takes, on behalf of one Fund versus another Fund. In the event that such investments are made by a Fund, the interests of such Fund at times will have the potential to, or will actually, conflict with the interest of such other Fund or Adviser Personnel, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights pursuant to the Adviser's policies and procedures to mitigate such conflicts, and by operation of law or otherwise may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the analysis may be conflicted and the Funds or Adviser Personnel may or may not provide such additional capital, and if provided will be supplied in such amounts, if any, as determined by the applicable Adviser or Adviser Personnel. The Adviser and its affiliates may express inconsistent views of commonly held investments or market conditions more generally. For example, the Adviser may cause a Fund to sell all or part of an investment in a portfolio company while another Fund may continue to hold, or increase its investment in such entity (or vice versa). In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. Where more than one Fund of the Adviser invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because the Adviser may have an incentive to realize returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, and such Funds, if permitted pursuant to the terms of the Governing Documents, may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund is likely to realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if the Adviser determines it is advisable for a Fund to exit an investment at the same time



as another Fund of the Adviser or its affiliates, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have realized on such investments. Investments by more than one client of the Adviser or Adviser Personnel in a portfolio company also raise the risk of using assets of a Fund to support positions taken by Adviser Personnel and/or other clients of the Adviser or that a Fund may remain passive in a situation in which it would otherwise vote as a result of a conflict. There can be no assurance that the return of a Fund participating in these transactions would be equal to, and not less than, the return of another Fund or Adviser Personnel participating in the same transaction, or that returns would be as favorable as they would have been had such conflict not existed. In addition, a conflict will arise in allocating an investment opportunity if one Fund is considering an acquisition of a potential investment target at the same time as either another Fund, affiliated entity, or another Fund's portfolio company is considering it. The Adviser would have conflicting incentives in such instances to allocate the investment, or any portion of the investment, to one Fund or portfolio company over another. While the Adviser seeks to mitigate such conflicts, for example by separating team members, there is no guarantee it will so do in every instance or that such steps, if taken, will be successful.

The Adviser and/or its affiliates, and certain clients of the Adviser, have in the past invested and may in the future invest, in loans and/or debt securities of companies in which the Adviser, its affiliates, other Funds, or Adviser Personnel hold other securities, including equity securities. In this circumstance, the debt investments on the one hand may and likely will have a higher priority than the equity investments on the other, which could lead to a conflict of interest if the company were to become insolvent. Additional conflicts may also exist in such a situation, for example, where the size of an investment in one Fund is sizably larger or smaller than that of another Fund (in which case the Adviser may have different economic incentives toward one Fund or the other). The Adviser has adopted an Allocation Policy that seeks to mitigate or eliminate such conflicts where possible.

One or more Funds may invest in securities of publicly traded companies that are actual or potential portfolio companies of one or more other Funds. The investment objectives and trading activities of the various Funds with respect to the same securities may vary between and among Funds.

A Fund may, from time to time invest in opportunities that other Funds have declined, and likewise, a Fund may, from time to time decline to invest in opportunities in which other Funds have invested.

The application of a Fund's Organizational Documents and the Adviser's policies and procedures is expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

The Funds, from time to time, co-invest with third-parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks and potential or

actual conflicts of interest that would not otherwise be present in investments where a third-party is not involved. Such risks or conflicts include, among other things, the possibility that the third-party may have differing economic or business goals than those of the Fund, or that the third-party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party 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.

From time to time the Adviser will, in its discretion, enter into transactions with investors in one or more Funds to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will comply with the requirements set forth in the Organizational Documents of the applicable Fund(s), or to the extent not addressed in the Organizational Documents of the applicable Fund(s), the Adviser may consider, among other things, some or all of the factors listed above under “*Allocation of Investment Opportunities Between or Among Clients*” and “*Allocation of Co-Investment Opportunities to Third Party Co-Investors*” The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment, market factors, and other considerations following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Governing Documents of the applicable Fund(s).

From time to time, a Fund sells down an interest in one of its portfolio companies to co-investors. Subject to a Fund’s Governing Documents, the Fund may charge (or may decide not to charge) a co-investor (such as a Fund investor or third party) interest costs for the time period between the closing of such Fund’s investment in the portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor. Additionally, in the event the Adviser or a general partner to a Fund lends the Fund capital through a short-term loan facility to bridge an investment pending the receipt of capital contributions from the Fund investors, subject to such Fund’s Governing Documents, the general partner may charge (or may decide not to charge) such Fund (including the Fund investors) interest costs incurred in connection with such loan for the time period between the receipt of funds from such loan to the date on which the loan is paid off by such Fund.

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase securities in a transaction. Furthermore, in certain instances the Funds will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated under certain

circumstances, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and or otherwise be liable for damages and other amounts to the seller entity and (b) full guarantee arrangements where such Fund agrees to close a transaction, which may include circumstances in which the debt financing for such transaction is not available or has not been funded. While any co-investment vehicle with investments contractually consummated and tied to the Fund (including the vehicles established in connection with the Adviser’s side-by-side co-investment rights) will generally be obligated to pay their proportionate share of the purchase price and/or the reverse termination fee or damages or other amounts, such co-investment vehicles are generally not direct parties to the commitment arrangements or limited guarantees. Therefore, in the unlikely event that such a co-investment vehicle defaults on paying such an obligation, the Fund would be held legally responsible for the entire purchase price or reverse termination fee or damages or other amounts, or obligations, as applicable. Furthermore, if the parties to a third party co-investment vehicle are not contractually bound to the transaction then they will generally not bear any portion of the reverse termination fee or any other fees relating to the non-consummation of the transaction.

In addition, President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the “Code”) on December 22, 2017 (the “Tax Act”). The Tax Act has resulted in fundamental changes to the Code. Among the numerous changes included in the Tax Act are (i) a permanent reduction to the corporate income tax rate, (ii) a partial limitation on the deductibility of business interest expense, (iii) an income deduction for individuals receiving certain business income from “pass-through” entities, (iv) a partial shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with a transitional rule which taxes certain historic accumulated earnings and rules which prevent tax planning strategies which shift profits to low-tax jurisdictions), and (v) a suspension of certain miscellaneous itemized deductions, including deductions for investment fees and expenses, until 2026. Enactment of this legislation could also cause the Adviser’s investment professionals to incur a material increase in their tax liability with respect to their entitlement to Carried Interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser’s ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an additional impact on the investment decisions made by the Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions, and on the timing of distributions. For example, the Adviser has the financial incentive to operate the Fund, including to hold and/or sell investments, and may operate the Fund, in a manner that takes into account the tax treatment of its Carried Interest. Investors should note in this regard that the Tax Act provides for a lower capital gains tax rate for Carried Interest in respect of investments held for at least three years. While the Adviser generally intends to seek to maximize pre-tax returns for the Fund as a whole, the Adviser may nonetheless be incentivized, for example, to hold investments longer, and may indeed hold investments longer, to ensure a preferential tax rate on income allocated with respect to Carried Interest, even if there are attractive realization opportunities earlier than three years, and/or to realize investments prior to a new change in law, if any, that would result in a higher effective income tax rate on Carried Interest. The Conflict Committee’s participation in discussions

around circumstances relating to the exit of an investment, as well as the general partner's investments in the Funds (and interest in the profitability of a portfolio company) serve to mitigate the impact of this potential conflict. In addition, the Adviser's interests may conflict with those of the Funds in relation to its receipt of securities for donation to charitable organizations, with respect to potential tax treatment. In resolving such conflicts, the general partner has an incentive to take into account its and its affiliates' tax positions, including positions precipitated by the Tax Act, and there is no assurance that Fund returns will not be adversely affected relative to what returns would have been absent such considerations. Despite proposed, and in some cases finalized, regulations on certain aspects, there are still uncertainties regarding the interpretation and application of the Tax Reform Bill. Additional guidance on the Tax Reform Bill is expected; however, the timing, form, scope and content of such guidance are not known. Changes to the Code made by the Tax Reform Bill and any further changes in tax laws or interpretations of such tax laws may be adverse to the Funds and the investors.

### *Cross-Transactions*

While the Governing Documents of the Funds limit the ability of the Adviser to engage in such transactions, consistent with such limitations, the Adviser 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, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund at the expense of another. For example, the Adviser could seek to sell the underperforming assets of one Fund to another Fund in order to earn fees, or could seek to sell the highly performing asset of one Fund to another in order to benefit the other Fund. Such transactions may be subject to the consent of a Fund's limited partner advisory committee, as set forth in the Governing Documents of such Fund. Additionally, in connection with such transactions, the Adviser and/or its 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). In addition, the Adviser may realize Carried Interest or other non-economic benefits as a result of the sale of a portfolio company from one Fund to another, is expected to receive management or other fees in connection with its management of the relevant Funds involved in such a transaction (which fees could vary as between the two Funds), and may also be entitled to share in the investment profits (in addition to its Carried Interest) of the relevant Funds.

To address these conflicts of interest, the Adviser must comply with the conditions set forth in the Governing Documents of the applicable Fund. For example, while terms of Fund agreements vary, the Adviser may be required to notify the limited partner advisory committee of the relevant Fund if another Fund owns over 1% of the equity of the company being sold, and the Adviser may be required to disclose to or obtain the approval of the limited partner advisory committee of the relevant Fund if another Fund owns over 5% of the equity of the company being sold. Additionally, the Adviser will follow the investment allocation requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's internal legal and compliance team will be responsible for confirming that the Adviser (i) considers its duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an

arm's length transaction with a third party on commercially reasonable terms, and (iii) follows any required disclosures or obtains any required approvals of the transaction's terms and conditions.

### *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. In connection with the Adviser's management of the Funds, the Adviser may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Governing Documents may contain additional criteria in connection with the Funds or the Adviser engaging in principal transactions.

### *Management of the Funds*

The Adviser manages a number of Funds that have investment objectives similar to or, in some cases, partially overlapping with each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Between or Among Clients*" and "*Allocation of Co-Investment Opportunities to Third Party Co-Investors*" above. The Adviser may give advice or take actions with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies are not expected to hold the same securities or achieve the same performance. In addition, a Fund may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences are likely to result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including funds that may be raised in the future, or will have responsibilities to proprietary investments made by the Adviser and/or its principals of the type made by the Fund. Conflicts of interest may arise in allocating time, services, or functions of these officers and employees.

While the Advisers generally seek to use reasonable efforts to avoid cross-guarantees and other similar arrangements, it is possible that a counterparty, lender or other unaffiliated participant in such transaction requires or desires facing only one fund entity or group of entities, which may result in a Fund being (i) solely liable with respect to its own share, and such third party for other Funds' or affiliated entities' share, of the applicable obligation and/or (ii) jointly and severally

liable for the full amount of such applicable obligation, in each case which would result in the Funds entering into a back-to-back or another similar reimbursement agreement. If one Fund defaults on such an arrangement, the other Funds would typically be held responsible for the defaulted amount. The Funds have no current intention to do so and will only enter into such joint and several borrowing arrangements when the Adviser determines, in its sole discretion, it is in the best interests of the Funds.

Certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, and the Adviser typically does not seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Such expenses may include airfare (whether private air, first class, and/or business class), and private hired cars (which may include waiting time), which expenses can be substantial.

The Adviser will, from time to time, consider, and reject an investment opportunity on behalf of one Fund and, the Adviser or an Affiliate Adviser may subsequently determine to have another Fund or fund of an Affiliate Adviser review or make an investment in the same company. A conflict of interest arises because one Fund or fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the original Fund considering the investment. In such circumstances, the benefitting Fund or Funds may not be required to reimburse the original Fund for some or all of the expenses incurred in connection with considering such investment, and any such allocation that is made will be done in good faith by the Adviser. Such allocation may be highly subjective.

In addition, the Adviser receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information is likely, in certain instances, to include material non-public information received or generated in connection with efforts on behalf of one Fund's investment in a portfolio company or prospective investment. The Adviser is then better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. As a result, the Adviser often gains industry, sector, and other general expertise and knowledge in connection with one portfolio company that will benefit others, as well as the Adviser and its affiliates, whether or not such other companies are in the same or a different Fund. In such circumstances where the benefitting portfolio company is in another Fund, the first Fund will have borne the cost for value that will benefit the other. The Adviser is likely in the future to enter into governance arrangements and confidentiality arrangements with portfolio companies, and may also have access to other sources of information and research that may limit the internal distribution and use of such data. The Adviser has in the past used, and is likely in the future to use, this information in a manner that may provide a material benefit to, or present a conflict of interest between, the Adviser, its affiliates, or to certain other Funds or limited partners without compensating or otherwise benefitting the portfolio company, Fund or Funds from which such information was obtained. In addition, the Adviser is likely to have an incentive to pursue investments in potential portfolio companies based on the data and information expected to be received or generated.

The Adviser may also enter into formal or informal arrangements with portfolio companies to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow the Adviser, the Funds and the Funds' portfolio companies to better discern economic or other trends and developments. The Adviser believes that the Funds and their portfolio companies are likely to benefit from these arrangements in ways that would be less likely without the ability to aggregate data from across the Adviser's businesses and the Funds' portfolio companies. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and the Adviser. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio companies, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. The Adviser and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefiting the Funds. As a result, the Adviser has an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that, at least in part, was accessible as a result of owning such portfolio companies, and/or to utilize such data in a manner that benefits the Adviser and/or portfolio companies held by other Funds.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions have presented, and in the future are likely to present, conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested and such determinations are made by the Adviser in accordance with the Allocation Policy. In addition, as has happened in the past and could happen again in the future, a Fund may participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest often arise, including determinations of whether, to the extent existing investors are being cashed out, whether they are being cashed out at a price that is higher or lower than market value, and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms, or whether, if two Funds will be invested simultaneously, whether one Fund has structural priority over another in a manner that could cause the Adviser to be conflicted. Follow-on opportunities where multiple Funds have invested (either at the same or different times) will be allocated in a manner consistent with the applicable Governing Documents, relevant policies, and/or associated disclosures and such allocations are likely to present potential conflicts that could be resolved in a manner that does not favor one or multiple Funds.

#### *Conflicts Relating to the Adviser*

The Adviser generally has in the past and is likely again in the future, in its discretion, to contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser which could occur, among other ways, in connection with its provision of services to the Funds. In addition, the Adviser has in the past and may in the future (a) recommend to (or contract on behalf of) a Fund or a portfolio company thereof or (b) recommend to a third party service provider utilized by the Adviser, a Fund, or a portfolio

company thereof (in response to a solicitation for a recommendation or otherwise), that such party contract for services with (x) the Adviser or a related person of the Adviser (including but not limited to a portfolio company of a Fund) or (y) an entity with which the Adviser or a member of its personnel has a relationship or from which the Adviser or its personnel otherwise derives financial or other benefit. The Adviser may, because of its financial or other business interest, have an incentive to recommend or engage the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. Similarly, portfolio company personnel may choose to hire or feel compelled to hire the related person or entity where the Adviser makes a recommendation even if they do not believe that provider is the best choice.

The Adviser and Adviser Personnel may buy or sell securities or other instruments that the Adviser has recommended to Funds. Adviser Personnel may also buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, the investing Adviser Personnel generally are not expected to share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity. Adviser Personnel will also make investments in investment opportunities which, at the time of such investment, are not suitable for a Fund but may, in the future, become a suitable investment opportunity for the Fund. This could present a conflict of interest at such time as the Fund might consider making that investment, including because the Adviser Personnel may have an independent financial interest in causing the Fund to invest in that opportunity. In addition, Adviser Personnel may also buy securities in other investment vehicles including private equity funds, hedge funds, real estate funds and similar investment vehicles. These investments by Adviser Personnel will likely include investments in potential competitors and may include (especially when taking into account the underlying investments made by such Funds) potential investments for the Funds and investments in Other Advisers. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Funds. If Adviser Personnel have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of the Adviser generally align the interests of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity). The Adviser will monitor the investments of Adviser Personnel on an ongoing basis and will look to ensure any conflicts of interests are handled in accordance with the Organizational Documents of the relevant Fund(s) and the Adviser's policies and procedures.

#### *Providers of Operations Support*

The Adviser, the Funds, general partner and/or the portfolio companies of a Fund will from time to time engage and retain other companies and individuals, including senior and special advisors or similar consulting professionals ("Operations Support Providers"), which are not employees or affiliates of the general partner, but may be former employees of the general partner. The Operations Support Providers are engaged to provide due diligence, research, specialized operations and consulting services, advisers, industry specialists and similar or related services to



the Funds, or to, or in connection with, one or more portfolio companies or prospective portfolio companies in relation to the identification, sourcing, acquisition, holding, improvement and disposition of such portfolio companies, or other investment-related functions (“Operations Support Services”). These services may include high level insight, industry-specific insights, transaction diligence assistance, facilitation of relationships or extensive day-to-day roles (including serving as executives or as directors on or advisors to the boards of portfolio companies or contributing to the origination of new investment opportunities) and may include support to the general partner on behalf of the Funds or portfolio companies regarding, among other things, the company’s management (including serving in management positions or participating in determining corporate strategy), the company’s supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining or advising on executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters. The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may and typically will vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and negotiated individually, depending upon the anticipated Operations Support Services to be provided. Operations Support Providers have in the past had a right or ability, and are likely in the future to be offered the right or ability, to co-invest alongside the Funds, including but not limited to those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio company. As has occurred in the past, they may in the future provide consulting services to a portfolio company, in which case, the arrangement may be governed by an agreement between the individual in his personal capacity and the portfolio company; and the individual may receive compensation as a result of these services and may also serve as a board member and similarly receive personal compensation in this capacity. Additionally, and notwithstanding the foregoing, these senior advisors and/or other similar consulting professionals may be investors in the Funds or otherwise affiliated with investors in the Funds, and/or affiliated with portfolio companies of the Funds. In addition to being offered the ability to co-invest alongside Funds, Operations Support Providers may be offered the opportunity directly by the portfolio company to invest in the company, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Pursuant to the Organizational Documents of the Funds, fees, compensation, expenses and any attributable overhead associated with Operations Support Services (“Operations Expenses”) are paid and/or reimbursed by the Adviser, portfolio companies and/or the Funds, depending upon, among other things, what service is provided. The cost of the Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider) will be determined at the discretion of the general partner taking into account the particular Operations Support Services, may include an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, profits or equity interest in the Funds and/or portfolio company or other incentive-based compensation to the Operations Support Provider, and will otherwise be determined in accordance with one or more methods, including the value of the time (including an allocation for overhead and other

fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. The determination of whether a service is an Operations Support Service will be made by the general partner, in its good faith discretion. Operations Expenses will, from time to time, also be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services may be provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Expenses incurred in connection with such services are typically borne by the Fund and, indirectly, the investors in such Fund. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to more than one Fund, such Operations Expenses will be allocated among the Funds as determined by the general partner or the Adviser, in a fair and equitable matter and consistent with the Organizational Documents of the applicable Funds and as described above (see “*Allocation of Expenses*”). To the extent any such Operations Expenses are payable to any Operations Support Provider by the Funds or a portfolio company, such Operations Expenses will be retained by such Operations Support Provider and will not reduce the Advisory Fee or any other fees otherwise payable to the Adviser or its affiliates and such fees will not benefit the Fund or its investors, even if the Operations Expenses paid by a Fund or a portfolio company have the effect of reducing any retainers or minimum amounts otherwise payable by the Adviser. The general partner’s determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses paid by a portfolio company, a Fund, or the Adviser is in the Adviser’s discretion.

There can be no assurance that any of the Operations Support Providers will continue to serve in such roles and/or continue their arrangements with the Adviser, the Funds and/or any portfolio companies throughout the terms of the Funds.

#### *Fund and Portfolio Company Level Borrowing*

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including but not by limitation, 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 or to fund capital contributions at the closing of an investment. 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, as well as the general partner, but is not expected to be used for funding the capital contributions of any Side-By-Side Co-Investment Vehicle. 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.

Although borrowings by the Fund have the potential to enhance overall returns that exceed the Fund’s cost of funds, such borrowings increase the potential exposure of the Fund to a particular investment above the level that the Fund would typically have had an investment been limited to equity. Any such borrowings would further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund’s cost of 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 generally make net IRR calculations higher than they otherwise would be without fund-level borrowing (especially where financing remains outstanding for longer durations) as these calculations generally depend on the amount and timing of capital contributions, which timing is delayed by virtue of use of the line. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, 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 effectively reducing or eliminating the preferred return received by the limited partners and accelerating or increasing distributions of Carried Interest to the general partner. The general partner therefore has a conflict of interest in deciding whether to borrow funds because the general partner is likely to receive disproportionate benefits from such borrowings.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

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 interests 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.

Additionally, certain of the Fund's investments currently use back leverage and the Funds' investments will likely use back leverage for future investments. Back leverage potentially enhances the return profile for an investment, but also increases the risk of the investment, including the risks associated with linked investments held through the same leverage facilities.

In addition, in the event that a portfolio company were to borrow funds directly through the Fund facility, the applicable Funds may charge the portfolio company borrower higher interest rates than the interest rate the Funds pay pursuant to such financing facility, among other things, to help offset origination and other facility costs.

### *Fee Structure*

Because there is a fixed investment period after which capital from investors in certain Funds will only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure

creates an incentive to deploy capital when the Adviser may not otherwise have done so. The manner in which Carried Interest is calculated for certain Funds may also create an incentive to deploy capital more quickly as well.

Additionally, as discussed above in Item 6, the Advisers are entitled to Carried Interest under the terms of the Organizational Documents of certain Funds. The existence of the Adviser's Carried Interest creates an incentive for the Adviser to cause such Funds to make more investments with higher risk profiles, which may be more speculative, than they would otherwise make in the absence of performance-based compensation. However, the fact that the Adviser or its affiliates is also invested in the investment fosters an alignment of interest.

Pursuant to the Governing Documents, the general partner may be required to return excess amounts of Carried Interest as a "clawback." This clawback obligation may create an incentive for the general partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the general partner. Conversely, the manner in which Carried Interest is calculated for certain Funds may create an incentive to realize investments more quickly as well.

The general partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company for purposes of permitting one or more general partner personnel to donate such securities to charity (which may include private foundations, donor-advised funds or other charities so chosen by such personnel). Any tax efficiencies to such general partner personnel associated with this form of charitable giving may have the effect of creating a potential misalignment of interests where Adviser Personnel may have incentives in relation to such in-kind distributions (including, for instance, the timing of disposition of investments) that may not be aligned with the Fund's interest.

#### *Diverse Membership*

Investors often have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual investors relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest arise in connection with the decisions made by the Adviser, including with respect to the nature or structuring of investments that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, the Adviser will consider the investment and tax objectives of the Funds, not the investment, tax, or other objectives of any investor individually.

#### *Business with and Among Portfolio Companies and Investors*

At times, the Adviser recommends a portfolio company's services to other portfolio companies which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate of the Adviser, or a portfolio company. The Adviser may have a conflict of interest in making such recommendations, especially where the corresponding portfolio companies are in

two different Funds, in that the Adviser 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 or lowest cost option available to the portfolio companies held by the Funds and could result in higher expenses for the portfolio company as well as an advantage for the Fund holding the service-providing portfolio company at the possible expense of the Fund holding the portfolio company to which services are being provided. 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.

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, the Adviser may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to the portfolio company owned by another Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company. Further, over time, a Fund's portfolio company may rely on another portfolio company (whether in the same or a different Fund) in such customer, service provider, or other capacity and any change in such relationship could have a material impact on one or both portfolio companies. The Adviser may mitigate such conflicts, for example, by using market or other objective data to support pricing as applicable, and by seeking to ensure appropriate information barriers are in place in instances where one of the Fund's portfolio companies is in competition with another. In addition, it is possible that one or more portfolio companies of the Fund may look to buy or sell a business or asset to or from a portfolio company of another Fund (or to or from the other Fund itself).

The Adviser generally has an incentive to recommend to the Funds the products or services of certain investors in the Funds, certain third parties (including lending sources), 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 or lowest cost option available to the Funds or the portfolio companies and could result in higher expenses for the portfolio company as well as an advantage for the Fund holding the service-providing portfolio company. A Fund may also invest in an investor, or an affiliate of a limited partner, or be required to forgo a business opportunity because such limited partner is an investor in a Fund.

Portfolio companies controlled by a Fund have in the past, and will, from time to time in the future provide services to certain Fund investors or prospective investors. The Adviser has an incentive to cause the portfolio company to favor those investors or prospective 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.

The Adviser and its related persons, in certain instances, receive favorable procurement terms, including fees, servicing payments, rebates, discounts and other financial benefits on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies. Such discounts will also not be subject to the offset arrangements described above. The Adviser is often eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to offsets or otherwise shared with the relevant Funds. In addition, portfolio companies of the Funds have in the past offered and may in the future offer the Adviser and its related persons products and services at a discounted price or on better terms that would not be offered to a third party in an arm's length transaction. Such discounted price or better terms could adversely affect the returns of such portfolio companies and, in turn, the returns of the Funds. For additional information regarding discounts on products and services provided by portfolio companies of Funds, please see Item 5 above and Item 14 below.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations in certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

The Adviser may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment, could result in another Fund making an investment or otherwise benefiting from the first Fund's investment, and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In addition, certain portfolio companies of the Funds and the portfolio company employees are, or have been counterparties to, investors in, or participants in agreements, transactions or other arrangements with the Adviser, its affiliates, other portfolio companies of the Adviser's clients that, although the Adviser determines to be consistent with the requirements of such Funds' Organizational Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that are not subject to the Advisory Fee offset provisions described herein. Moreover, the Adviser and its affiliates and/or a Fund may participate in or purchase debt or securities of a portfolio company in a syndication, underwriting or other similar transaction, in which case the Adviser and its affiliates and/or such Fund, as applicable, will benefit from a discount or rebate (which may come in the form of a purchase price reduction) on its portion of the commitment, underwriting or other similar fee, and any such discount or rebate likewise will not be subject to the sharing or offset arrangements described above. While the Adviser may have a conflict of interest because its economic benefit would incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements will typically benefit the portfolio

companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

Certain members of a Fund's limited partner advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner of a Fund will from time to time utilize the services of investors and their affiliates on an arm's length basis on commercially reasonable terms, as it deems appropriate.

The Adviser and its affiliates have in the past and may, from time to time in the future, hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can eliminate all such conflicts of interest and there may be a continuing, actual, or appearance of, a conflict of interest, which could adversely impact a Fund or one of its portfolio companies.

The Adviser, including through its operating team and/or capital markets team, may additionally recommend, or make referrals to or introduce, portfolio companies (or service providers to a Fund) to portfolio companies of another Fund, may recommend, refer or introduce a portfolio company to one or more portfolio companies of other Funds and/or may recommend, refer or introduce existing portfolio companies that are already engaged in business transactions to improve, deepen and/or alter the terms of the business relationship between these portfolio companies. Additionally, the Adviser may recommend or make referrals to companies which may later on become portfolio companies of a Fund and/or companies that were formerly portfolio companies where members of the Adviser continue to participate in the management of such former portfolio companies. The Adviser may engage in such recommendations, references and/or referrals in order to achieve various goals, including, but not limited to, efforts to increase revenue per customer of such companies (e.g. through "cross-sell" and "up-sell" arrangements), efforts to increase revenue growth of such companies and efforts to increase the customer base and/or revenues of such companies, and, in turn, increase the value of such Fund's investment and, in addition, the Adviser's investment in such companies through its Funds. Likewise, such referrals or introductions may result in other financial benefits such as collaboration between the companies involved. In the event a portfolio company is asked to use the products or services of one or more portfolio companies of another Fund, or otherwise transacts with any such other portfolio company, the Adviser would have a financial interest in both sides of this transaction. This represents a conflict of interest and there may be transactions of this type that occur that are thus not at arm's length and which could either benefit or harm a Fund while in either case benefiting the Adviser and its other Fund(s). Separately, it is also possible that a portfolio company could receive and/or use the data of, or share data with, portfolio companies of other Funds (see "Data" herein). A Fund and the limited partners typically will not share in any fees, economics, equity or other benefits accruing to the Adviser, the Funds and their portfolio companies as a result of the introduction of the Fund and its portfolio companies.

With respect to transactions or agreements with portfolio companies (including, for the avoidance of doubt, long-term incentive plans) occurring at times when there are no “unrelated” (i.e., unaffiliated with the Adviser) officers of a portfolio company, the Adviser may negotiate and execute agreements on behalf of the portfolio company with the Adviser, a Fund and their portfolio companies and affiliates and other related parties. These negotiations would not be arm’s length and would entail conflicts of interest. Among the measures the Adviser may use to mitigate such conflicts is to involve outside counsel to review and advise on such agreements and provide insights into commercially reasonable terms, or establish separate groups with information barriers within the Adviser to advise on each side of the negotiation.

### *Service Providers; Relationships with Investors*

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Adviser. The Adviser has an incentive to outsource such services to third parties at the expense of the Funds to, among other things, leverage the time and use of Adviser Personnel and/or for other purposes in a manner which recoups the costs of some of its overhead. Such services may include, without limitation, deal sourcing via consultants or other third parties, information technology (including with respect to litigation), cyber security, licensed software, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, human resources, client services, compliance, corporate secretarial, know your customer and anti-money laundering services (including provision of officers and other services as required in different jurisdictions), director services and legal and tax support and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision during the life of the Fund to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future (nor does it preclude the Adviser, acting in good faith, from otherwise changing its method of allocating certain costs to a Fund), and the Adviser has no obligation to inform such Funds or investors of such a change. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by such third parties, such as an administrator. The costs and expenses of any such third-party service providers may be borne by the Funds in accordance with a Fund’s Organizational Documents.

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors, or placement or other agents acting on behalf of a Fund, and may include, for example, investment and commercial bankers, outside legal counsel, pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). In addition, individual investors may be engaged to serve in various employment roles at the portfolio companies. The engagement of any such service provider or person 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. For



example, the Adviser 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 of the Adviser or its affiliates, and/or their family members or relatives, have ownership, employment, or other interests in such service providers. These relationships that an Adviser may have with a service provider can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company or whether to introduce such service provider to a Fund or a portfolio company. The Adviser 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 the Adviser information about markets and industries in which the Adviser operates or is interested, or will provide other services or benefits that are beneficial to the Adviser or its affiliates, or any Adviser Personnel. Although the Adviser selects 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 the Adviser, because of financial, business interest, or other reasons including if the service provider is an investor, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. In these instances, the Adviser uses reasonable efforts to mitigate such conflicts and uses good faith efforts to negotiate market terms for such law firm and other service providers' services.

Certain other service providers to the Adviser, the Funds and/or the portfolio companies, or affiliates of such service providers, may also provide goods or services to or have business, personal, financial or other relationships with the Adviser, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also source of investment opportunities, be co-investors or commercial counterparties or entities in which the Adviser and/or the Funds have an investment, and payments by a Fund and/or such portfolio companies may indirectly benefit the Adviser and/or such Fund.

The Adviser has an incentive to provide business to certain service providers, for example but without limitation, to banks or underwriters, where there is a possibility that such service provider may source business to the Adviser in the future. Such business could include, for example, the Adviser inviting a bank to participate as part of the group in a transaction, for a fee. This creates a conflict, as has occurred in the past and is likely to occur in the future, in that one Fund may retain a service provider and bear any associated fees or costs, while another Fund or the Adviser would then benefit in the future from such retention, for example, in the form of a referred opportunity that resulted from the formation of a positive business relationship.

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, the importance of the contribution or relationship, and the time demands of the service provider. As a result, to the extent the services required by the Adviser, its affiliates or Adviser Personnel differ from those required by the

Funds and/or its portfolio companies, the Adviser, its affiliates and/or Adviser Personnel will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

#### *Allocation of Personnel*

The Adviser will devote such time as necessary to conduct the business affairs of the Funds in an appropriate manner. Adviser Personnel will work on other projects, including its prior Funds and their investments, and possibly other vehicles and activities. Such personnel will also serve as members of the boards of directors of various companies other than portfolio companies. Conflicts may arise as a result of such other activities, including activities that are wholly separate from the Funds. The possibility exists that such companies could engage in transactions which would be suitable for the Funds, but in which the Funds might be unable to invest as a result of such conflicts.

#### *Receipt of Confidential Information*

In connection with other outside activities and relationships, from time to time, certain personnel of an Adviser acquire material non-public information or other confidential information or are otherwise restricted from initiating transactions in certain securities. As a result, in such a situation the Funds advised by the Adviser will not be free to act upon any such information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Such restrictions may last for significant periods of time and may impact the returns on investments, for example by impacting the timing of a transaction.

The Adviser or an affiliate may actively pursue one or more new strategies, and may in the future consider additional new strategies, including but not limited to the launch of a capital markets and/or credit advisory function to advise on the issuance of debt or equity and/or to participate in loan origination, syndication and/or servicing. When the Adviser or an affiliate engages in any such business, the Adviser or an affiliate is expected to encounter conflicts of interest between that business and its other businesses. Such conflicts include but are not limited to that any Silver Lake investment strategy or advisory business may come into possession of proprietary or confidential information the receipt of which could limit the ability of other strategies or businesses to engage in potential transactions. For example, strategies or businesses in receipt of proprietary or confidential information could be restricted from investing or trading as a result, including because of use restrictions under non-disclosure agreements, being in possession of material non-public information, or otherwise. Additionally, there may be circumstances in which one or more individuals associated with the Adviser will be precluded from providing services to a general partner or the Adviser because of certain confidential information available to those individuals or to other parts of the Adviser. A Fund's activities may be constrained as a result of these conflicts of interest. The Adviser will not be under any obligation to decline any engagements or investments in order to make an investment opportunity available to a Fund and as a result, a Fund's ability to engage in transactions may be affected.

### *Positions with Portfolio Companies*

Certain employees and members of the Adviser serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflict with those of the Fund, it is expected that the interests will mostly be aligned. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employee's fiduciary duties among the two portfolio companies may create a conflict of interest. Additionally, such persons are required to remit to the Adviser any remuneration they receive as directors on behalf of the Adviser. Such remuneration is then subject to the sharing or offset arrangements discussed above. Occasionally, a senior advisor will serve as a director of a portfolio company or a consultant to a portfolio company. In this case, because a senior advisor is neither an employee nor an affiliate of the Adviser, it is expected that his/her remuneration will not be remitted to the Adviser or an affiliate thereof nor offset. In addition, employees of the Adviser have in the past, and will likely in the future leave the employment of the Adviser and become an officer or employee of a portfolio company. At such time, any remuneration received by such employees, including for any board service, is no longer remitted to the Adviser nor is it subject to the offset arrangements.

In addition, from time to time certain employees and members of the Adviser serve in bona fide, non-director management capacities (or other operational capacities involving a material portion of such person's business time) at portfolio companies. In such cases, the Adviser will not offset compensation, including any equity compensation, directly or indirectly received by such employees or members pursuant to the respective Fund's Governing Documents.

Decisions made by a director may subject the Adviser, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty or care, securities claims and other director-related claims. In general, the Funds will indemnify the Adviser and their partners, principals and employees from such claims to the extent not indemnified by a portfolio company. In addition, the employees of the Adviser serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company.

From time to time employees of the Adviser may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such employee's employment with the Adviser. In such circumstances, any compensation or fees received by such Adviser or former employee are generally not subject to the Advisory Fee offset described above, nor otherwise shared with the Funds and/or investors.

The Adviser and its personnel have in the past received and can also, in the future, be expected to receive, certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts from service providers or portfolio companies, including reduced fee or no fee services or products, which will not be subject to the offset arrangements described above or otherwise shared with such Fund, its limited partners and/or portfolio companies. For example, airline travel or hotel stays incurred as Fund expenses typically result in "miles" or "points" or credit in loyalty/status programs, and

such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Adviser and/or such personnel (and not such Fund, its limited partners and/or portfolio companies) even though the cost of the underlying service is borne by such Fund and/or portfolio companies. In addition, airline travel incurred as a Fund expense for an Adviser Personnel traveling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser Personnel to the extent the trip also serves a personal purpose, as occurs from time to time.

Certain personnel of the Adviser or its affiliates may also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies may pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives, as applicable, and may reimburse the Adviser or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. The Adviser may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by the Adviser or its affiliates to such persons may, but need not, be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the Advisory Fee paid or Carried Interest distributed by the Fund to the Adviser will not be reduced. With respect to any amounts paid to such persons by a portfolio company (or paid by the Adviser and reimbursed by a portfolio company) concerning such personnel, in the event that employee is not a key person (as defined by the applicable Governing Documents of the applicable Fund) of the Adviser and is spending a material portion of his or her business time in a non-director management role at the portfolio company, it is expected that the fees will not be treated as expenses to be borne by the Fund and will not reduce the Advisory Fee otherwise payable to the Adviser or any Carried Interest otherwise payable to the Adviser or its affiliates. All or a portion of any such compensation and incentives will be borne by the Fund, directly or indirectly, via its ownership interest in such portfolio company. In certain instances, whether an individual who provides services to a portfolio company should be characterized as an industry specialist, an employee or former employee of the Adviser, or a seconded employee may be unclear. In such cases, the Adviser will make a determination in good faith based on its evaluation of the relevant facts and circumstances.

#### *Side Letter Agreements; Advisory Committee Rights*

The Adviser has in the past entered into, and expects to enter in the future into, side letter or other similar arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms. Such rights or terms in any such side letter or other similar agreement with an investor may include, without limitation, (i) economic arrangements, (ii) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments), (iii) the Adviser's agreement to extend certain information rights or additional reporting to such investor, including, without limitation, to accommodate special regulatory or other circumstances of such investor, which may be at the investor's request and expense, (iv) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the Adviser for the benefit of lenders or other persons extending credit to or

arranging financing for the Fund, (v) consent of the Adviser to certain transfers by such investor or other exercises by the Adviser of its discretionary authority under the Governing Documents for the benefit of such investor, (vi) restrictions on, or special rights of such investor with respect to the activities of the Adviser, (vii) withdrawal rights (subject to consent of the Adviser) due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (viii) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such investor, and (ix) matters regarding such investor's right to participate in investment opportunities. Except as otherwise agreed to with an investor, the Adviser is not required to disclose the terms of side letter arrangements with other investors in the same Fund. Such side letter agreements may permit such investors to take actions on the basis of information not available to other investors that do not have the benefit of such agreements.

Many of the Funds have established a limited partner advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all, investors are permitted to designate a member to the limited partner advisory committee. The Adviser may also consult with a limited partner advisory committee as to certain potential conflicts of interest, which conflicts could be disadvantageous to the investors, including those investors who do not designate a member to the limited partner advisory committee. Representatives of the limited partner advisory committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. These various differing relationships may influence the decisions made by such members of the limited partner advisory committee.

In addition, members of one Fund's limited partner advisory committee may also be a member of another Fund's limited partner advisory committee. In such instances, a conflict of interest exists because the Funds with such overlapping limited partner advisory committee members may have conflicting interests and such limited partner advisory committee members may be requested to provide their consent with respect to such conflicts of interest and are unlikely to recuse themselves from any such vote.

#### *Advisory Affiliates*

As described in Item 10 above, each Adviser has its own clients. Clients of the Advisers invest in the same portfolio companies from time to time, including in the same security or in different securities of such a portfolio company. In such circumstances, interests of the Adviser's clients conflict with the interests of the clients of these affiliates. For instance, see "*Allocation of Investment Opportunities Between or Among Clients*", "*Allocation of Co-Investment Opportunities to Third Party Co-Investors*" and "*Conflicts Related to Purchases and Sales*" above for more information.

#### *Other Potential Conflicts*

The Organizational Documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, may be broad, unclear, general,

conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors, and/or may favor one Fund over another.

Investors should be aware that there will be instances where the interests of affiliates of the Adviser may potentially or actually conflict with the interests of the Funds and the investors. If any matter arises that the general partner or the Adviser determines in its good faith judgment constitutes an actual or potential conflict of interest, the general partner or the Adviser will take such actions as may be necessary or appropriate to ameliorate or disclose such conflict, or seek limited partner advisory committee consent from the applicable Fund or Funds. By investing in the Funds, each investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

The Adviser or its affiliates engage certain service providers (including law firms) on behalf of the Funds and personnel of such service provider have in the past and may in the future be seconded to the Adviser or its affiliates on a temporary basis, pursuant to various arrangements including at cost or at no cost. The Adviser is, from time to time, a beneficiary of these arrangements as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to the Adviser, its affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in the Adviser's discretion taking into consideration the usage of such personnel. In such circumstances, a conflict of interest exists because the Adviser or its affiliates have an incentive to select one service provider over another on the basis that the Adviser or its affiliates may receive the benefit of seconded employees from such service provider (or such other benefit, as applicable), particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not the Adviser or its affiliates.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. From time to time, members of the law firms engaged to represent the Funds invest in the Funds, and also represent one or more portfolio companies, investors in the Funds or Adviser Personnel. In the event of a significant dispute or divergence of interest between a Fund and the Adviser and/or Adviser Personnel, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation may be required. Legal counsel of the Adviser and the Funds renders legal services to the Adviser and the Funds and does not represent the interests of any investor in a Fund. Additionally, the Adviser, Adviser Personnel and the Funds and the portfolio companies of the Funds engage other common service providers from time to time. In such circumstances, there may be a conflict of interest between the Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different

arrangements for services provided to the Adviser, its affiliates or Adviser Personnel as compared to services provided to the Funds and/or the portfolio companies, which may result in the Adviser, its affiliates or Adviser Personnel receiving more favorable rates or arrangements with respect to services provided to it by a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser, its affiliates or Adviser Personnel receiving a discount on services even through the Funds and/or the portfolio companies receive a lesser, or no, discount. For example, both the Adviser and the Funds benefit from a 10% discount from our primary outside law firm for non-transactional work. In addition, time spent by attorneys in such law firm's personal planning department, whether for transactional or non-transactional matters and whether for the Adviser or the Funds, is billed at a 30% discount to the law firm's regular hourly rates, reflecting what we understand to be the law firm's prevailing market rate for those lawyers' services. In practice, this 30% discount tends to benefit the Adviser and Adviser Personnel as the Funds do not have a regular need for personal planning advice.

Investors may be introduced to the Adviser, or may be brought into a Fund, by a third-party consultant from which the Adviser or a related person purchases products and to which the Adviser or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

The Adviser has in the past and may, in its discretion, cause the Funds and/or their portfolio companies to have ongoing business dealings, arrangements, or agreements with persons who are former employees or executives of the Adviser or are otherwise connected to the Adviser (such as the Adviser's senior advisors). The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements, or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements, or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Organizational Documents of certain Funds permit each such Fund's general partner, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable general partner or affiliate and the Fund acting as borrower.

Furthermore, pursuant to the Organizational Documents of the Funds, the general partner of each Fund, or its affiliates, may receive distributions in kind from an investment disposition. In the event the general partner of a Fund, or its affiliates, receive such a distribution, such general partner may act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include a determination to sell its securities prior to the time at which an investor sells its share of distributed securities), or hold on to the distributed securities for such time as such general partner shall determine. The ability of a general partner of a Fund to act in its own interest with respect to such distributed shares creates a conflict of interest between such general partner or affiliate, as an adviser to such Fund, and such Fund. The general partners are particularly incentivized to receive distributions in kind of securities that it expects to increase in value, and in cases where the increase occurs, if the limited partners received cash distributions instead of in-kind distributions, the limited partners will be denied the

benefits of that increase had the Fund retained the securities and the general partner will receive more value from the securities than it would have had its Carried Interest been paid in cash. Furthermore, the general partner, or its affiliates, may receive distributions in kind from an investment disposition. In the event the general partner, or its affiliates, receive such a distribution, the general partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the general partner shall determine. The ability of the general partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the general partner or affiliate, as an adviser to the Fund, and the Fund.

The Organizational Documents of certain Funds permit each such Fund's general partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The general partner may elect to withhold certain information to such limited partners for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Dyal currently owns less than 5% of the Adviser (Dyal previously owned 9.9% of the Adviser) and Mubadala currently owns less than 5% of the Adviser (which interest was acquired from Dyal). Neither Dyal nor Mubadala have any control over the day-to-day operations or investment decisions of the Adviser, but they have certain customary minority protection consent rights. Dyal and Mubadala have previously made, and are expected to make investment commitments to many of the Main Funds, including indirectly through the applicable general partner entities. The Adviser may have an incentive to provide more favorable terms to Dyal and/or Mubadala than to other investors, provide Dyal and/or Mubadala with individual company co-investment opportunities and/or manage a Main Funds' investments in a manner beneficial to Dyal and/or Mubadala as a result of their investments in the Adviser.

In August 2016, certain principals of the Adviser acquired from CalPERS its remaining 0.5% stake in the Adviser (CalPERS had previously owned 9.9% of the Adviser). CalPERS remains an investor in certain Funds and continues to retain certain co-investment rights, including with respect to SLP V, as a result of its prior stake in the Adviser. CalPERS was previously an investor in the general partner of Silver Lake. CalPERS currently serves on the limited partner advisory committee of one or more of the Funds. It is possible that in the future one or more limited partners with the same or similar interests in Silver Lake could serve on the Funds' limited partner advisory committees. If so, such investor(s) would be incentivized to take into account considerations that are favorable to the Adviser (and not other investors in the Funds).

Jim Davidson, Silver Lake's Co-Founder, has transitioned from being a Managing Partner to devoting his business time to other projects outside of the Adviser, and he is no longer subject to the Adviser's compliance and reporting policies. Mr. Davidson is expected to continue to have a substantial interest in some or all of the Funds, including directly or indirectly through their general partners, either directly and indirectly through investment vehicles managed by or on behalf of Mr. Davidson, and neither Mr. Davidson nor such vehicles are expected to pay management fees or Carried Interest in connection with such investments. Mr. Davidson is a



significant personal investor outside of Silver Lake, and it is possible that a Fund will seek to invest in the same, or similar, types of portfolio companies as Mr. Davidson and/or investment vehicles managed by or on behalf of Mr. Davidson, including investing alongside, or acquiring an investment therefrom, or selling an investment thereto. Conflicts of interest could therefore arise between Mr. Davidson and the Funds, including based on his interests in certain Funds. Additional conflicts could also arise in connection with investments by Silver Lake personnel in one or more of Mr. Davidson's entities and/or as a result of the investment by Mr. Davidson and his entities in the Fund or General Partner. Such investments may include companies that, at the time of such Adviser Personnel's investment, are determined not to be suitable for a Fund (including, for example, due to size of the investment, or whether the company is determined to be within the technology and/or tech-enabled sector) but may, in the future, become suitable opportunities for a Fund. This could present a conflict of interest at such time as the Fund might consider making an investment, because the Adviser Personnel may have an independent financial interest to incentivize the Fund to invest in that opportunity. To the extent any Fund seeks to acquire or invest in such an investment in the future, if Adviser Personnel have made a personal investment therein, such Adviser Personnel may or will have conflicting interests with respect to any such potential future Fund investment.

Although the Adviser does not presently intend to implement this strategy, the Funds may in the future create a platform for acquiring companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, a holding company ("Holding Company") would be created that would acquire and manage the companies in the platform. The Holding Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Holding Company. In such circumstances, the Holding Company employees may include former employees of the Adviser, or current or former senior advisors or consultants to the Adviser and its affiliates. The Holding Company's costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of Holding Company and/or a capital interest in such investments or the underlying assets) would be borne by the Holding Company (and, therefore, indirectly borne by the Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest from the Fund, the Adviser will benefit from the assets, income and gains of the Holding Company. Additional conflicts will arise in this context if the Holding Company holds portfolio companies from more than one Fund. The Adviser will seek to mitigate any such conflicts but there can be no assurance it will do so collectively.

In addition, while the Adviser has no present intention to do so, the Adviser may in the future recruit a management team to pursue a new "platform" opportunity expected to lead to the formation of a future portfolio company. In such a case, the Fund would be expected to bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses may be borne directly by the applicable Fund as partnership expenses or indirectly as

the Fund bears the start-up and ongoing expenses of the newly-formed platform portfolio company. Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser.

Certain employees of the Adviser provide research, trust, administrative, financial, reporting and similar services to the current and retired Managing Partners of the Adviser and certain of their family members and estate planning vehicles, in each case with respect to personal investment activities. Such services could potentially present a conflict of interest between the Adviser and a Fund. However, the Adviser believes potential conflicts of interest are substantially mitigated because (i) the investments are not investments that would be suitable for a Fund, (ii) the investments which are supported by such employees are reportable by the current and retired Managing Partners and subject to preclearance pursuant to the Adviser's Code of Ethics, (iii) such employees are not involved in the provision of investment advice to a Fund and (iv) such employees generally do not exercise investment discretion with respect to such personal investment activities.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

### **Conflicts Applicable to Silver Lake Waterman:**

#### *Considerations Relating to Allocation*

There may be situations in which the general partner of a Fund and its affiliates make different and potentially conflicting decisions on behalf of a Silver Lake Waterman Fund that utilizes leverage, on the one hand, and a Fund that does not utilize leverage, on the other hand, due to a levered Fund's use or prospective use of leverage, including as a result of debt covenants or cash flow requirements of lenders. In the event of a default by a Fund which utilizes leverage under its credit facilities, the lender could potentially have the right to assume such Fund's position in a portfolio company, which may have a material adverse impact on both Silver Lake Waterman Funds.

Subject to legal, regulatory, tax and other considerations, a levered parallel Fund will generally invest on a side-by-side basis in all of an unlevered parallel Fund's investments, but the general partner will have significant discretion in determining, among other things, the investment allocations between the parallel levered Fund and the unlevered Fund. Such allocations will be subject to adjustment by the general partner in its sole discretion to reflect available and/or anticipated leverage. There can be no guarantee that leverage ultimately utilized will be in line with the assumptions used by the general partner in determining such investment proportions. There can be no assurance that any of the foregoing conflicts will be resolved in favor of a levered Fund and/or an unlevered Fund.

## **Conflicts Applicable to Silver Lake Alpine:**

### *Contractual Provisions Relating to Allocation*

Where the governing agreement of another Fund gives such Fund contractual rights with respect to certain investment opportunities that also meet the investment objectives of Silver Lake Alpine, the general partner is in certain cases required to allocate such investment opportunity to the relevant Fund with such priority (and not Silver Lake Alpine) subject to certain discretionary factors.

In accordance with its Governing Documents, Silver Lake Alpine does not have the exclusive unconditional right to any investment opportunity. Accordingly, the Adviser is under no obligation to offer investment opportunities to Silver Lake Alpine (including investment opportunities that fall within Silver Lake Alpine's investment strategy and mandate) and may choose to allocate all or part of any such opportunity to any other Fund or any business in which Silver Lake has invested, in consideration of its allocation guidelines and consistent with the Governing Documents of the Funds. This could result in the Adviser allocating an investment opportunity to another Fund, even if it might have also been considered an investment opportunity for Silver Lake Alpine.

### *Conflicting Fiduciary Duties to Other Funds*

As described above, conflicts may arise in connection with allocation of investment opportunities between Silver Lake Alpine and other Funds, including because of possible overlapping mandates or because of the possibility of two Funds being invested in different parts of the capital structure which could create differing economic incentives, in particular during times of financial distress. In order to seek to mitigate these conflicts, the Adviser has adopted certain requirements, policies and procedures. For instance, Silver Lake Alpine's partnership agreement imposes restrictions on Silver Lake Alpine's percent ownership of debt tranches under certain situations, limits Silver Lake Alpine's ability to serve as a lead arranger or participate on the creditor's committee under certain circumstances, and may also limit Silver Lake Alpine's voting rights as provided in the partnership agreement. While these processes and procedures are designed to mitigate conflicts, there can be no assurances that they will not meaningfully and adversely impact Silver Lake Alpine, including by adversely impacting returns.

## **Conflicts Applicable to Silver Lake Long Term Capital:**

### *Contractual Provisions Relating to Allocation*

Where the governing agreement of another Fund gives such Fund contractual rights with respect to certain investment opportunities that also meet the investment objectives of Silver Lake Long Term Capital, the general partner is in certain cases required to allocate such investment opportunity to the relevant Fund with such priority (and not Silver Lake Long Term Capital) subject to certain discretionary factors.

In accordance with its Governing Documents, Silver Lake Long Term Capital does not have the exclusive unconditional right to any investment opportunity. Accordingly, the Adviser is under no obligation to offer investment opportunities to Silver Lake Long Term Capital (including investment opportunities that fall within Silver Lake Long Term Capital's investment strategy and mandate) and may choose to allocate all or part of any such opportunity to any other Fund or any business in which Silver Lake has invested, in consideration of its allocation guidelines and consistent with the Governing Documents of the Funds. This could result in the Adviser allocating an investment opportunity to another Fund, even if it might have also been considered an investment opportunity for Silver Lake Long Term Capital.

#### *Conflicting Fiduciary Duties to Other Funds*

As described above, conflicts may arise in connection with allocation of investment opportunities between Silver Lake Long Term Capital and other Funds, including because of possible overlapping mandates or because of the possibility of two Funds being invested in different parts of the capital structure which could create differing economic incentives, in particular during times of financial distress. In order to seek to mitigate these conflicts, the Adviser has adopted certain requirements, policies and procedures. While these processes and procedures are designed to mitigate conflicts, there can be no assurances that they will not meaningfully and adversely impact Silver Lake Long Term Capital, including by adversely impacting returns.

#### **Conflicts Applicable to Silver Lake Sumeru:**

The SLS Fund is not making any new investments other than follow-on investments, and the investment committee of the general partner of the SLS Fund is in the process of finding liquidity for its existing investments. Therefore, the following conflicts of interest are applicable to Silver Lake Sumeru and the SLS Fund:

#### *Time and Attention*

The success of the SLS Fund will depend substantially on the Other Adviser's investment professionals' ability to, among other things, maintain or improve the operations and performance of its investments and exit investments at the appropriate time and at attractive valuations. Most or all professionals of the Other Advisers, however, will also spend a significant amount of time assisting the investment activities of, or working on other projects with respect to such Other Advisers and the private investment funds they manage. Conflicts may therefore arise with respect to the Other Advisers and the allocation of the investment professionals' time and resources.

In addition, this conflict of interest may motivate personnel of the Other Advisers to dispose of SLS Fund portfolio companies at an inopportune time or price in order to be able to focus more on the activities of the private investment funds managed by such Other Adviser. With respect to SEP, the potential Carried Interest paid to the general partner of the SLS Fund (of which certain SEP personnel are entitled to a portion) mitigates this conflict of interest by aligning more closely the financial interests of SEP with the SLS Fund investors.

### *Allocation of Personnel*

Certain former investment advisory personnel of Silver Lake Sumeru (who are now current employees of Other Advisers) serve as members of the boards of directors (or similar governing bodies) of various companies that are not the SLS Fund's portfolio companies.

### *Material Non-Public Information.*

Silver Lake Sumeru and the Other Advisers regularly obtain confidential information regarding various target companies and other investment opportunities. By reason of their responsibilities in connection with their activities for the Other Advisers, certain personnel of the Other Advisers may acquire material non-public information or other confidential information or be restricted from initiating transactions in certain securities especially with respect to publicly traded securities, and as a result, the Other Advisers will not be free to act upon any such information. Due to these restrictions, SEP may not be able to initiate a transaction that it otherwise might have initiated and SLS Fund may not be able to sell an investment that it otherwise might have sold.

Former employees of Silver Lake Sumeru who remain involved in the management of the SLS Fund are required to comply with the Adviser's Code of Ethics and Compliance Policies and Procedures, including any policies and procedures with respect to material non-public information, confidentiality and insider trading. As the remaining SLS Fund investments are monetized, and the level of involvement by former SLS personnel continues to significantly decrease, certain members will no longer be subject to the Adviser's compliance and reporting policies.

### *New Investments*

Certain former personnel of Silver Lake Sumeru (and current employees of the Other Advisers), including group head Ajay Shah, serve on the investment committee of the general partner of the SLS Fund and such persons may serve on the investment committee of other private investment funds managed by such Other Advisers, in addition to managing their personal investments. Although the SLS Fund does not anticipate making new investments other than follow-on investments, if at all, the SLS Fund's portfolio companies may still make follow-on acquisitions. As a result, there will be conflicts of interest in allocating an investment opportunity if that might be an appropriate follow-on investment for a SLS Fund portfolio company and a fund advised by such Other Adviser.

In addition, when the SLS Fund actively invested in new portfolio companies, Silver Lake Sumeru was a source of investment opportunities to the other Funds of the Adviser (e.g., when a potential investment sourced by Silver Lake Sumeru was deemed inappropriate for the SLS Fund, but could be appropriate for other Funds based on their objectives and strategies). As Silver Lake Sumeru personnel are not sourcing new investments other than, if any, follow-on investments for the SLS Fund, such opportunities will no longer necessarily continue to be provided to the other Funds.

### *Overlapping Ownership*

Certain senior personnel of the Adviser, including members of the Silver Lake Sumeru investment committee, may own interests in an Other Adviser. As a result, the conflicts described in “Time and Attention” and “New Investments” above will apply to their activities as well.

### **Conflicts Applicable to Silver Lake Kraftwerk:**

The SLK Fund is not making any new investments other than follow-on investments, if any, and is in the process of finding liquidity for its existing investments. Therefore, the following conflicts of interest are applicable to the SLK Fund:

#### *Time and Attention*

The success of the SLK Fund will depend, in part, on the remaining investment professionals’ ability to, among other things, maintain or improve the operations and performance of its investments and exit investments at the appropriate time. While the remaining SLK Managing Director will spend a significant amount on the remaining investments, he is expected to also spend time assisting the investment activities of, or working on other projects with respect to, the SLP and/or SLA Funds. Conflicts may therefore arise with respect to the allocation of his and the SLK investment professionals’ time and resources.

### **Item 12. Brokerage Practices**

To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

#### **Selection of Brokers and Dealers**

For each of the Funds, the Adviser has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek “best execution” of the transaction. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser’s relevant deal team takes into account all factors that it deems relevant to the broker’s or dealer’s execution capability, including, among others, the following: quality of execution (accurate and timely execution, clearance and fair error/dispute resolution); reputation, financial strength, integrity and stability; block trading and block positioning capabilities; willingness to execute difficult transactions; willingness and ability to commit capital; access to underwritten offerings and secondary markets; ongoing reliability; overall costs of a trade (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or

spreads in the context of the Adviser's knowledge of negotiated commission rates currently available and other current transaction costs; nature of the security and the available market makers; desired timing of the transaction and size of trade; confidentiality of trading activity; market intelligence regarding trading activity; and the receipt of prime brokerage and related services, including capital introduction and introductions to management and research and industry information. To the extent consistent with achieving best execution, the Adviser also considers other business a particular broker or dealer has done with the Adviser, such as identifying investment opportunities or potential investors or performing investment banking services. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

The relevant deal teams and the Adviser's Chief Compliance Officer ("CCO") or his or her designee are responsible for periodically reviewing broker-dealer eligibility including by any or all of the following: reviewing broker-dealer trading volumes, prices, commissions, other transaction costs, and the overall quality of execution, among other things.

### **Aggregation of Trades**

From time to time, the Adviser and its affiliates will aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser and its affiliates generally combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest, such as the Side-By-Side Co-Investment Vehicles. In such cases, the Adviser and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made in consideration of the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

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

### **Oversight and Monitoring**

The investment portfolios of the Funds are frequently private, illiquid, and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and, depending on the size of its interest, generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed by a team of investment professionals on an on-going basis. The team generally includes investment professionals of the Adviser at differing levels of seniority.

## **Reporting**

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 90 days after the fiscal year end of such Fund if required by the Fund's Governing Documents, or within 120 days, as well as quarterly performance reports within 45 days after each of the first three fiscal quarters end if required by the Fund's Governing Documents. The Adviser from time to time, in its sole discretion, provides additional information relating to such Fund to one or more investors in such Fund as it deems appropriate.

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

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, the Adviser and its related persons, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies. Such discounts will not reduce the amount of Advisory Fees paid by any Fund, as also set forth in Item 11 above.

While not a client solicitation arrangement, the Adviser has in the past and is expected to from time to time in the future engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee, which may be structured as a flat fee or in an amount equal to a percentage of the capital commitments for interests made by certain potential investors to such Fund that are subsequently accepted. Advisory Fees received by the Adviser are generally reduced by the amount of such fees paid by the Fund. As some Funds or other vehicles do not pay Advisory Fees, any such reduction will not benefit such Funds.

### **Item 15. Custody**

As the Adviser relies on the "audit exemption" under the Advisers Act custody rule (*i.e.*, Rule 206(4)-2(b)(4)), investors in the Funds will not receive account statements from the Funds' custodians.

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

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund.

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

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consents as a security holder with respect to securities owned by the Funds ("Votes") for which the Adviser exercises voting authority and discretion. The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund's holdings, taking



into account the relevant Fund's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances the Adviser deems relevant at the time of the vote. The Adviser does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser's CCO, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

While the Funds generally cannot direct the Adviser's Vote, all voting decisions initially are referred to the appropriate investment professional for a voting decision. In most cases, the relevant deal team will make the decision as to the appropriate vote for any particular Vote. In making such decision, the deal team will rely on any of the information and/or research available to it. If the relevant deal team is making the voting decision, it will inform the CCO of any such voting decision, and if the CCO does not object to such decision as a result of her conflict of interest review, the Vote will be voted in such manner.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or the Adviser's affiliates and their clients has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's CCO will use her reasonable judgment to address any such conflict of interest and ensure that it is resolved in accordance with her independent assessment of the best interests of the Funds.

Where the Adviser's CCO deems appropriate in her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants, or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Sharon B. Binger, Managing Director and Chief Compliance Officer, Silver Lake, 2775 Sand Hill Road, Suite 100, Menlo Park, CA 94025.

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

Item 18 is not applicable to the Adviser.

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

Item 19 is not applicable to the Adviser.