

**INVESTMENT ADVISER BROCHURE**  
**STRIDE CONSUMER PARTNERS LLC**

**3 Executive Park Drive**

**Suite 304**

**Newton, MA 02462**

**[www.strideconsumer.com](http://www.strideconsumer.com)**

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**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Stride Consumer Partners LLC. If you have any questions about the contents of this Brochure, please contact us at (617) 686-1760. 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 authority.**

Stride Consumer Partners LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Stride Consumer Partners LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***ITEM 2***      **MATERIAL CHANGES**

Since the initial submission of this brochure dated October 30, 2020, Stride Consumer Partners LLC is filing this other-than-annual amendment to reflect that the principal owner of Stride Consumer Partners LLC is Steven Berg.

We encourage all recipients to read this brochure carefully in its entirety.

**ITEM 3**      **TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>ITEM 2</b> <b>Material Changes .....</b>	<b>i</b>
<b>ITEM 3</b> <b>Table of Contents .....</b>	<b>ii</b>
<b>ITEM 4</b> <b>Advisory Business .....</b>	<b>1</b>
<b>ITEM 5</b> <b>Fees and Compensation .....</b>	<b>2</b>
<b>ITEM 6</b> <b>Performance-Based Fees and Side-By-Side Management .....</b>	<b>6</b>
<b>ITEM 7</b> <b>Types of Clients .....</b>	<b>6</b>
<b>ITEM 8</b> <b>Methods of Analysis, Investment Strategies and Risk of Loss.....</b>	<b>7</b>
<b>ITEM 9</b> <b>Disciplinary Information.....</b>	<b>30</b>
<b>ITEM 10</b> <b>Other Financial Industry Activities and Affiliations .....</b>	<b>30</b>
<b>ITEM 11</b> <b>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....</b>	<b>30</b>
<b>ITEM 12</b> <b>Brokerage Practices .....</b>	<b>31</b>
<b>ITEM 13</b> <b>Review of Accounts .....</b>	<b>32</b>
<b>ITEM 14</b> <b>Client Referrals and Other Compensation .....</b>	<b>32</b>
<b>ITEM 15</b> <b>Custody .....</b>	<b>32</b>
<b>ITEM 16</b> <b>Investment Discretion .....</b>	<b>33</b>
<b>ITEM 17</b> <b>Voting Client Securities .....</b>	<b>33</b>
<b>ITEM 18</b> <b>Financial Information.....</b>	<b>34</b>

#### **ITEM 4           ADVISORY BUSINESS**

Stride Consumer Partners LLC (“**Stride Consumer**”) is a Delaware limited liability company and a registered investment adviser that began operations in June 2020. Stride Consumer, and its affiliated investment advisers, provide investment advisory services to private investment funds.

Stride Consumer provides investment advisory services to Stride Consumer Fund I, L.P., a Delaware limited partnership (“**Fund I**” and together with any future private investment fund or co-investment vehicle to which Stride Consumer or its affiliates provide investment advisory services, the “**Funds**”). The general partner of Fund I is Stride Consumer Fund I GP, L.P., a Delaware limited partnership (the “**General Partner**” and together with Stride Consumer and their affiliated entities, “**Stride**”). The General Partner and Stride Consumer are affiliates. The General Partner is registered under the Advisers Act pursuant to Stride Consumer’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which operates as a single advisory business together with Stride Consumer.

Fund I invests in equity or other securities (including debt securities) and seeks to provide equity-like returns in lower-middle market portfolio companies in targeted consumer sectors. Stride’s investment advisory services to its Funds consist of identifying and evaluating investment opportunities, negotiating, managing, financing and monitoring investments and achieving dispositions for such investments. Stride is principally owned by Steven Berg. Stride’s day-to-day investment management activities are undertaken by Steven Berg, Tim Burke and Juan Marcos Hill (collectively, the “**Principals**”).

Stride’s investment advisory services to the Funds are tailored in accordance with each Fund’s investment strategy as set forth in the applicable private placement memorandum (or other applicable disclosure documents), partnership agreement (or similar governing document) and/or investment management agreement (each a “**Governing Document**”, and collectively, the “**Governing Documents**”). Stride’s advisory services are further described below under Item 8 “*Methods of Analysis, Investment Strategies and Risk of Loss.*” Initially, Stride is expected to advise only one private fund strategy in a single fund as noted above. In the future, Stride may determine to advise separately managed accounts or single investor vehicles.

Stride investors participate in the overall investment program for the applicable Fund, but may be excused or excluded from a particular investment due to legal, regulatory or other applicable constraints. Additionally, from time to time, Stride may provide (or agree to provide) certain investors or other persons the opportunity to participate in co-invest vehicles (each a “**Co-Invest Fund**”) that will invest at substantially the same time and on substantially the same terms as a Fund in certain investments.

The Funds or the General Partner may enter into side letters or other written agreements with certain investors that have the effect of establishing rights or provisions under, or altering or supplementing, the terms of the Fund’s partnership agreement or an investor’s subscription agreement with respect to such investor. Such provisions may include, without limitation, rights with respect to fees, expenses, priority on co-investment opportunities, distributions, excuse or exclusion from investments, transfers of interests in the Fund, tax and other reporting, notice

requirements, and other representations, warranties or diligence confirmations. For the most part, any rights established, or any terms altered or supplemented will govern only the investment of the specific investor and not the terms of a Fund as whole. Certain such additional rights but not all rights, terms or conditions may be elected by certain sizeable investors with “most favored nations” rights pursuant to a Fund’s limited partnership agreement. Stride may not be required to notify the other limited partners of any such side letters or of any of the rights or terms or provisions thereof.

***The information provided above about the investment advisory services provided by Stride is qualified in its entirety by reference to the Funds’ Governing Documents, including offering materials and limited partnership and subscription agreements.***

Upon its registration, Stride will not have any assets under management on a discretionary or non-discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

As detailed below, Stride receives a management fee and a performance allocation in connection with providing advisory services to the Funds. Stride Consumer or other Stride entities may also receive additional compensation in connection with management and other services performed for the companies in which they make investments (each, a “**Portfolio Company**”) (e.g., monitoring and other fees) of the Funds as further detailed below, and the Funds’ *pro rata* share of such additional compensation is generally offset against the management fees otherwise payable to Stride in accordance with the relevant Governing Document.

The following provides a general description of fees, compensation and expenses for the Funds. With respect to any particular Fund, while the description below may be generally applicable, fees and expenses may vary, and Fund investors should review the applicable Governing Documents for further information. Further specific details of the management fees, performance-based fees or allocations, fund expenses and fee waivers are described below, but more fully set forth in a Fund’s respective private placement memorandum and limited partnership agreement.

### ***Management Fees***

During the commitment period, Fund I will pay Stride an annual management fee equal to 2.00% of aggregate investor capital commitments (“**Commitments**”). After the commitment period expires and until the final termination of Fund I, Fund I’s management fee shall be equal to 2.00% of an investor’s *pro rata* share of the adjusted cost of all unrealized portfolio investments. The management fee is generally calculated and payable quarterly in advance, as of the first day of each fiscal quarter. Installments of the management fee payable for any period other than a full quarterly period are adjusted on a *pro rata* basis based upon the actual number of days in such period. An investor’s management fee will commence as of the first closing date based on the commitment of such investor, regardless of when such investor is actually admitted to the Fund.

As permitted under the applicable partnership agreement, Stride may waive or agree to reduce the management fee. To the extent of any reduction in the management fee as a result of such waiver, a corresponding portion of the General Partner’s commitment to the Fund may be

structured as a profits interest (rather than as a capital contribution). Waived or reduced management fees are not subject to any management fee offsets described above.

### ***Performance-Based Fees***

With respect to any Fund, the General Partner is generally entitled to receive a carried interest equal to a percentage of all realized profits; provided, that no carried interest is payable to the General Partner unless all investors have received a 8% preferred annualized rate of return, as more fully described in the applicable partnership agreement. The carried interest to which the General Partner is entitled is 20% in the case of Fund I. The carried interest distributed to each General Partner is generally subject to a potential giveback at the end of the Fund's life if the General Partner has received excess cumulative distributions from the Fund.

### ***Other Fees and Potential Conflicts of Interest***

Stride, the Principals or their affiliates (subject to certain limitations set forth in the Fund's partnership agreement (the "**Fund Agreement**")) may receive customary break-up and topping, commitment, advisory, consulting, monitoring, directors', transaction, financing and divestment fees and other similar fees from Portfolio Companies or prospective Portfolio Companies as compensation for financial advisory and similar services in connection with the consummating, monitoring, or disposition of investments or from unconsummated transactions, including warrants, options, derivatives and other rights, in each case valued as of the grant date and the terms thereof generally will be determined by the General Partner in its sole discretion. All such fees and expenses will be paid regardless of whether the Fund produces positive investment returns. If the Fund does not produce significant positive investment returns, these fees and expenses could reduce the amount of the investment recovered by a limited partner to an amount less than the amount invested in the Fund by such limited partner. In certain circumstances, non-affiliated co-investors or joint owners of such prospective Portfolio Companies may have the ability to influence the terms of the arrangements giving rise to any such fees, including, without limitation, the timing and amount of payments and the inclusion of acceleration provisions in circumstances in which the Fund may not have otherwise included such provisions. Limited partners will receive the benefit of some portion, but not all, of such fees. Further, any offsets to the management fee that would otherwise be allocable to Stride or to any Co-Invest Fund, any co-investor or any other transaction participant (including portfolio company management) will not be applied to reduce the aggregate management fee payable in respect of the limited partners and will be retained by the recipient thereof or its designees. For the avoidance of doubt, any fees payable by any co-investor shall not offset the management fee and shall be retained by the recipient thereof or its designees and will not be applied to reduce the aggregate management fee payable in respect of the limited partners. The Principals or other employees of Stride will directly or indirectly receive a portion of the management fee, carried interest or other compensation received by Stride Consumer and its affiliates.

Stride expects to exempt past or present principals, employees, members, partners or managers or their respective family members from payment of all or a portion of management fees and/or carried interest. Additionally, Stride in the future may form Co-Invest Funds that are not subject to management fees or carried interest. Stride also in the future may, in its sole discretion, reduce management fees and/or carried interest through side letter arrangements in certain

instances, for example where certain investors have made an early investment, a large investment or any other material concession to one or more of the Funds.

Stride and its personnel can also be expected to receive certain intangible and/or other benefits arising or resulting from their activities on behalf of the Funds, which will not be subject to management fee offsets or otherwise shared with the Funds and/or their investors. For example, airline travel or hotel stays incurred as fund expenses may result in “miles” or “points” or credit in loyalty or status programs, and such benefits will accrue exclusively to Stride or its personnel (and not to the Funds and/or their investors) even though the cost of the underlying service is borne directly by the Funds and indirectly by the investors in a Fund.

### ***Expenses Charged to Funds***

In addition to the management fee and carried interest payable to Stride, Fund I bears all costs, fees and expenses incurred in connection with organizing and establishing the Fund, the General Partner and Stride Consumer (and their respective general partners, as applicable) and the marketing and offering of limited partnership interests in the Fund, including, without limitation, all of the costs and expenses incurred in connection with the formation and qualification of Fund I, the General Partner and Stride Consumer (and their respective general partners, as applicable), all legal and accounting fees and expenses, registration fees, filing fees, printing costs, travel costs and ancillary expenses (including, without limitation, airfare (including business class or first class airfare), ground transportation, lodging and accommodations, meals and travel agency fees and reasonable and business-related entertainment expenses) and all costs and expenses incurred in connection with the preparation of offering documents, marketing materials, organizational documents, operating documents and similar materials and the costs of qualifying, reproducing, amending, supplementing, mailing and distributing offering materials, and all costs and expenses of any placement agent of Fund I (including, without limitation, travel and ancillary expenses) and any payments in respect of any indemnification obligations to any such placement agent that are borne by or reimbursed by the Stride; provided that the management fee will be reduced dollar-for-dollar by the amount of any placement agent fees paid by Fund I. In addition, limited partners in Fund I will receive a reduction in management fees equal to amount of organizational expenses in excess of an amount set forth in Fund I’s Governing Documents.

Generally, Fund I bears all of the fees, costs, expenses and other liability or obligations relating to or arising from its operations, activities and investments. The Governing Documents of Fund I, including the private placement memorandum, set forth the particulars of such operating expenses that may be borne by Fund I, but such operating expenses may include (without limitation) the following fees, costs and expenses relating to or arising from:

- the sourcing, investigating, identifying, analyzing, evaluating, researching, diligencing, pursuing, committing to, acquiring, purchasing, investing, holding, monitoring, managing, seeking disposition opportunities for and disposing of, the Fund’s investments (and prospective investments), whether or not consummated, including, without limitation, commitment fees or other lenders’ fees that become payable in connection with a proposed investment, fees and expenses related to negotiating non-disclosure and confidentiality agreements, travel costs and ancillary expenses (including, without limitation, airfare (including business class or first class airfare),

- ground transportation, lodging and accommodations, meals and travel agency fees and reasonable and business-related entertainment expenses), third-party consulting and deal investigation and identification fees and expenses, data subscriptions and third-party data services, investment banking, legal and accounting fees and expenses, costs and expenses of any representation and warranty insurance and/or other similar insurance, and printing expenses;
- broken-deal expenses, but only to the extent that such fees and expenses exceed topping and break-up fees applied against such expenses;
  - legal, accounting, auditing, administrative, custodian, appraisal, consulting, brokerage, service provider and other similar fees and expenses (including, without limitation, courier fees and expenses related to conference calls);
  - D&O and/or E&O liability insurance or other insurance;
  - preparation and delivery of Fund financial statements, tax returns and other tax-related documentation and reports and notices to the Fund investors, and costs and expenses related to attendance at industry conferences and subscription to industry publications and research services attributable to a specific investment (or proposed investment);
  - limited partner and/or advisory committee meetings and all costs and expenses of any votes or consents of limited partners or the advisory committee;
  - amendments to or waivers of the partnership agreement or any related agreement;
  - extraordinary expenses, liabilities, indemnities and other obligations of the Fund (including, but not limited to, litigation, audit, investigation and indemnification costs and expenses, judgments, penalties, fines and settlements) and the fees, costs and expenses of complying with applicable law, rules and regulations;
  - maintaining the existence of the Fund and the General Partner (and its general partner), including, without limitation, franchise taxes and partnership registration and registered agent fees and expenses;
  - the wind down of the Fund and the General Partner (and its general partner) and the liquidation of the assets of the Fund in connection therewith;
  - all debt service obligations, including principal, interest, premium, if any, fees, expenses and other amounts payable in respect of indebtedness of the Fund, including, without limitation, any fees and expenses incurred as a result of the implementation (including negotiation and documentation), utilization and refinancing of any credit facility or other indebtedness or credit support;
  - all taxes, duties, fees and other governmental charges levied against the Fund (other than any such taxes, duties, fees or charges levied in respect of or otherwise in connection with any specific limited partner or the General Partner or allocated to any



limited partner or the General Partner pursuant to the Fund Agreement) and all related filing fees and tax consulting fees and expenses;

- organization, maintenance and operation of any alternative investment vehicle, blocker corporation, intermediate entity, or any other entity or vehicle through or in which investments or bridge financings are made (other than any blocker expenses); and
- any other expense borne by the Fund pursuant to the Governing Documents.

As set forth in the applicable Governing Documents, Stride may elect to pay certain Fund expenses, subject to adjustment pursuant to the offset provisions of the management fee. Except as provided for in the applicable partnership agreement, a Fund generally does not reimburse Stride for salaries, office rent and other general overhead costs of Stride. A Co-Invest Fund will bear its *pro rata* share of any expenses relating to the applicable consummated investment and may be required to pay its *pro rata* share of broken-deal expenses. Brokerage fees may be incurred in accordance with the practices set forth in Item 12 below, “*Brokerage Practices*.”

The expenses described above are detailed, but do not include every possible expense a Fund may incur. Prospective and existing investors are advised to review the applicable Governing Documents for a more extensive description of the fees and expenses associated with an investment with a Fund.

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

As described under Item 5 “*Fees and Compensation*,” Stride may receive performance-based fees and/or distributions based upon the performance of a Fund. Stride does not advise any Funds not subject to a carried interest. However, Stride may waive or reduce carried interest with respect to certain persons as described above.

The fact that the General Partner is in part compensated based on the performance of a Fund may create an incentive for Stride to make investments on behalf of a Fund that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangement. Stride believes this conflict is mitigated because the Principals of the firm have made significant personal investments in Fund I which align the interest of Stride personnel with Fund I. These potential conflicts of interest are addressed further in the manner described in Item 11.

Initially, Stride will only provide advisory services to Fund I. However, Stride expects to advise additional Funds in the future, and therefore has adopted investment allocation procedures which are designed to allocate investments in a fair and equitable manner among clients and to minimize the risk of any potential conflict of interest.

#### **ITEM 7            TYPES OF CLIENTS**

Stride’s clients are the Funds, including Fund I. Investment advice is provided directly to such Funds and not individually to the limited partners of such Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in the Funds may include high net-

worth individuals, banks or thrift institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, charitable organizations or other corporations or business entities and also may include, directly or indirectly, past or current service providers, Principals or other employees of Stride. Such investors are generally limited to (i) “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”) and (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act, or other “knowledgeable employees” of Stride. Fund I requires a minimum investment amount of \$5 million, although such minimum may be waived by the General Partner in its sole discretion.

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

### ***General***

Stride provides day-to-day investment advisory services to the Funds. The following is a summary of the investment strategies and methods of analysis generally used by Stride on behalf of the Funds. More detailed descriptions of the Funds’ investment strategies and methods of analysis are included in the applicable private offering materials and Governing Documents for each Fund. The summary below should not be interpreted to limit in any way the Funds’ investment activities. There can be no assurance that Stride will achieve the investment objectives of its Funds and a loss of investment is possible.

### ***Investment Strategy***

Fund I primarily seeks long term capital appreciation through equity or other securities (including debt securities) providing equity-like returns in lower-middle market portfolio companies in targeted consumer sectors. Within the consumer growth landscape, Fund I focuses on target companies in the beauty, food and beverage, active lifestyle and multi-unit services sectors.

### ***Risks of Investment***

Each Fund and its investors bear the risk of loss that Stride’s investment strategy entails. While the discussion below often refers to “Fund” or “Funds,” it enumerates certain risk factors that apply generally to an investment in a Fund, however the following discussion does not describe all of the risks that may potentially be faced by a Fund. Prior to making any investment in a Fund, investors should review the applicable Fund’s private placement memorandum or other offering document for additional information regarding risks and conflicts of interest specific to such Fund.

### ***General Risks***

#### **Restrictions on Transfer and Withdrawal; Lack of Liquidity for Interests**

The interests in the Funds (“**Interests**”) have not been, nor will they be, registered or qualified for sale under the Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction; and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests

under the Securities Act or other securities laws will ever be effected. There is no public or private market for the Interests and none is expected to develop. In addition, the Interests are not transferable and may not be sold, transferred, pledged, mortgaged, charged, assigned, hypothecated or otherwise encumbered except with the prior written consent of the General Partner (which may be withheld by the General Partner in its sole discretion), and subject to the terms and conditions of the Fund Agreement. Limited partners may not withdraw capital from the Fund. Consequently, limited partners may not be able to liquidate their investments prior to the end of the Fund's term.

### **Lack of Operating History**

The Fund is a newly formed entity and has no prior operating history upon which an investor can base its prediction of future success or failure. Although Stride and the Principals have had experience and success in making investments in portfolio companies, including, without limitation, investments by investment vehicles, accounts or platforms managed by Castanea Partners, Inc. or their respective affiliates (collectively, the “**Castanea Investments**”), the past performance of these investments is not necessarily indicative of the future results of the Fund's investments and further, Stride is a newly-formed entity that has no prior investment experience upon which an investor can base its prediction of future success or failure. On any given investment, total loss of the investment is possible.

### **Dependence on Key Personnel**

The success of the Fund depends in substantial part upon the skill and expertise of the Principals and the other individuals employed to assist them. There can be no assurance that the Principals or such other personnel will continue to be members of, employed by or available to the General Partner or Stride. The loss of service to the Fund of one or more Principals or such other personnel could have a material adverse effect on the success of the Fund. In addition, although the Principals will devote such time and attention to the business of the Fund as they reasonably consider necessary to carry out the operations of the Fund effectively, subject to the terms of the Fund Agreement, the Principals may continue to be involved in certain activities other than the management of the Fund.

### **Reliance on Portfolio Company Management**

In connection with making portfolio investments, the Fund may seek management rights, including board representation or other rights, where appropriate. However, there is no assurance that these rights, if sought, will be obtained. Furthermore, even in cases where the Fund may be represented on management boards or have other management rights, the Fund does not expect to have an active role in the day-to-day operations of its investments. The success or failure of many of the Fund's Portfolio Companies may depend to a significant extent on the financial and management talents and efforts of specific employees of such Portfolio Companies, whose death, disability or resignation could adversely affect the performance of the Portfolio Company. No assurance can be given that a Portfolio Company's management team will be able to operate the Portfolio Company successfully and there may be legal, contractual or practical limits on the Fund's or Portfolio Company's ability to affect changes in management on a timely basis and on the ultimate outcome of any such change. In addition, the Fund may co-invest with non-affiliated

co-investors, management teams, or joint venturers whose ability to influence the day-to-day management and affairs of the Portfolio Companies' investments may be significant and even greater than that of the Fund.

### **Risks of Investments in Smaller, Less-Established Companies**

The Fund may invest in the securities of smaller, less-established companies, which may include founder-operated companies and family-owned businesses. These companies often experience unexpected problems in the areas of operations, marketing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small. In addition, the securities of such companies may be subject to more abrupt and erratic market price movements than larger, more-established companies, because trading volumes for their securities are generally quite low. Less-established companies tend to have less capital and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies may also have shorter operating histories on which to judge future performance. The Fund has not established any minimum size for the companies in which it will invest.

### **Limited Operating History of Portfolio Companies**

The operations of the Fund's Portfolio Companies will likely depend on the successful development and sales of each Portfolio Company's respective product offerings and services and the customers' experience. Certain Portfolio Companies of the Fund may have limited operating histories with their respective products and services for which the Fund can use to evaluate their performance and prospects.

### **Limited Number of Investments; Lack of Diversity**

The Fund is expected to participate in a limited number of investments and Stride and the Fund may not be able to identify or acquire an appropriate volume of investment opportunities and, as a consequence, the aggregate returns of the Fund may be substantially affected by the unfavorable performance of a single investment. Because the Fund may only make a limited number of investments and since the Fund's investments generally will involve a high degree of risk, poor performance by one or more of the Fund's investments could materially affect the total returns to investors. On any given investment, loss of all or a portion of the investors' capital is possible. Investors have no assurance as to the degree of diversification in the Fund's investments. The Fund is not required to make investments that are diversified geographically or otherwise. Because the Fund's investments may be concentrated within relatively few industries, sectors, countries or regions, portfolio diversification will be less than would be possible if the Fund were to invest in a broader range of industries, sectors, countries or regions. Such reduced diversification may increase the volatility of the Fund's returns, and could reduce the Fund's returns relative to more diversified funds to the extent that such industries, sectors, countries or regions do not perform as well as other industries, sectors, countries or regions.

### **Available Opportunities and Competitive Marketplace**

The success of the Fund depends on the availability of appropriate investment opportunities and the ability of Stride and the Principals to identify, select, close and exit those investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Fund to invest all of its committed capital or that such investment opportunities will lead to completed investments by the Fund. The Fund will be competing with other private equity funds, as well as institutional investors and strategic investors for investments in prospective Portfolio Companies. As a result of this competition, there can be no assurance that the Fund will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its committed capital.

## **Leverage**

The Fund's investments may include companies whose capital structures may utilize significant amounts of leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Although the General Partner will seek to use leverage in a prudent manner, the leveraged capital structure of such investments will increase the exposure of the Portfolio Companies to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the Portfolio Companies or their respective industries. Additionally, the securities acquired by the Fund may be the most junior in what may be a complex capital structure and thus subject to the greatest risk of loss.

## **Credit Support**

The Fund may make contingent funding commitments to its Portfolio Companies and provide credit support for such obligations ("**Credit Support**"). Such Credit Support may take the form of guarantees, letters of credit or pledges of a portion of the Commitments to a lender or other counterparty. Such funding commitments may be secured by an assignment of the General Partner's right to draw down capital from the limited partners. It is possible that the limited partners will be required to acknowledge and consent to any such pledge or Credit Support and provide certain information and/or legal opinions as required by the lender or other counterparty. The General Partner and/or Stride may be required to segregate unfunded Commitments sufficient to satisfy the Fund's obligations with respect to any such Credit Support. Utilization of Credit Support will result in fees, expenses and interest costs to the Fund, and may result in an under-utilization of the Fund's capital. In the event that one or more limited partners fail to satisfy a drawdown or otherwise default on their contribution obligations pursuant to any such Credit Support, such amount would be drawn from non-defaulting limited partners.

## **Bridge Financing; Over Commitment**

The Fund may, in connection with or in anticipation of its Portfolio Investments, make additional investments intended to be of a temporary nature and refinanced, repaid, assigned, redeemed, sold, or disposed of within twelve (12) months (any such short-term investment, a "**Bridge Financing**"). For example, in order to facilitate the acquisition of investments, Stride or its affiliates may make (or commit to make), or may cause the Fund to make (or commit to make), an investment in a potential Portfolio Company with a view to selling a portion of such investment to co-investors or other persons or obtaining financing prior to or within a period after the closing of the acquisition. In such event, the Fund will bear the risk that any or all of the excess portion of

such investment may not be sold or may only be sold on unattractive terms, or that financing may not be available, and that, as a consequence, the Fund may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, or be required to hold a larger than expected investment. Additionally, if such Portfolio Company were unable to complete a refinancing, the Fund could have a long-term investment in a junior security and the interest rate on such Bridge Financing may not adequately reflect the risk associated with the unsecured position taken by the Fund. This could result in the Fund having a variety of unintended long-term investments or reduced diversification. Further, there can be no assurance that any such Bridge Financing will generate any returns for the Fund or result in a full return of capital on any such refinancing.

### **Investments Longer than Term**

The Fund may make investments that may not be advantageously disposed of prior to the date the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the General Partner has a limited ability to extend the term of the Fund and the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of such dissolution. In addition, although upon the dissolution of the Fund the General Partner (or the relevant liquidator) will generally be required to attempt to reduce to cash and cash equivalents such assets of the Fund as the General Partner or such liquidator deems it advisable to sell, subject to obtaining fair 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 will occur.

### **Distributions in Kind**

Although, under normal circumstances, the Fund intends to make distributions in cash, cash equivalents or marketable securities, it is possible that under certain circumstances (including upon the dissolution of the Fund) distributions may be made in kind and could consist of securities for which there is no readily available public market.

### **Recall and Reinvestment**

Under certain circumstances, proceeds distributable (or previously distributed) to the limited partners that constitute a return of capital contributions may be retained and reinvested (or recalled for reinvestment) by the Fund or used (or recalled for use) by the Fund for any other proper purpose. Amounts available for recall will be restored to the limited partners' respective unfunded Commitments. Accordingly, a limited partner may be required to fund for investments or expenses during the term of the Fund in an aggregate amount that significantly exceeds its Commitment.

### **Indemnification**

The General Partner, Stride, the Principals and their respective members, partners, shareholders, directors, officers, employees, agents and affiliates, and the members of the Limited Partner Advisory Committee ("**Advisory Committee**") and any limited partner represented by a member of the Advisory Committee in connection with any involvement with the Advisory

Committee, will be entitled to indemnification from the Fund except in certain circumstances set forth in the Fund Agreement. All of the assets of the Fund will be available to satisfy these indemnification obligations and limited partners and the General Partner may be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of the Fund.

### **Uncertain Exit Strategies**

Due to the illiquid nature of the investments which the Fund expects to make, there can be no assurances as to what, if any, exit strategy will ultimately be available for any given investment position. Exit strategies which appear to be viable when an investment is initiated may be precluded when the investment is deemed to be ready for realization due to economic, legal, political or other factors. The larger the transaction, the greater the risk to the Fund's total returns and success if there is uncertainty around the Fund's exit strategy.

### **Control Position Risk**

The Fund may make investments that allow the Fund to acquire control or exercise influence over management and the strategic direction of a Portfolio Company. The exercise of control over a company imposes additional risks of liability in circumstances where the limited liability characteristic of business operations of the company may be ignored. In a U.S. court ruling, the court held that a private equity fund was liable for the pension withdrawal liabilities of one of its portfolio companies because the private equity fund was engaged in a "trade or business" through its management and operational control of its portfolio company. Thus, the exercise of control over a Portfolio Company by the Fund could expose the assets of the Fund to claims by such Portfolio Company and/or its executives, employees, pension beneficiaries, security holders and creditors and liability for environmental damage or clean-up obligations, product defects, failure to supervise management, pension and other fringe benefits, violation of laws and governmental regulations (including securities laws), violation of fiduciary duties to minority owners and other types of liability. While the General Partner intends to conduct the affairs of the Fund in a manner that will minimize the exposure of these risks, the possibility of successful claims cannot be precluded.

### **Minority Investments**

The Fund may make minority investments in entities where the Fund does not fully participate in the management or otherwise control the business or affairs of such entities. The General Partner will monitor the performance of each investment and maintain an ongoing dialogue with each Portfolio Company's management team. However, it will be primarily the responsibility of the management of the Portfolio Company to operate such Portfolio Company on a day-to-day basis. Although it is the intent of the Fund to invest in Portfolio Companies with strong operating management that has a successful track record and with significant minority governance where the Fund can exercise meaningful influence, there can be no assurance that a Portfolio Company's management team will be able to operate the Portfolio Company successfully or that the Fund can exercise affirmative controls to effect decisions without the support of management.

### **Toehold Investments**

While not a primary focus of the Fund's strategy, the Fund may accumulate minority positions in the outstanding debt securities or in voting stock, or securities convertible into the voting stock, of potential Portfolio Companies. While the General Partner will seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions or private placements, the General Partner may be unable to accumulate a sufficiently large position in a Portfolio Company to execute its strategy. In such circumstances, the Fund may dispose of its position in the Portfolio Company within a short time of acquiring it; there can be no assurance that the price at which the Fund can sell such securities will not have declined since the time of acquisition. Moreover, this may be exacerbated by the fact that securities of the companies that the Fund may target may be thinly traded and that the Fund's position may nevertheless have been substantial, although not controlling, and its disposal may depress the market price for such securities.

### **Investments in Public Companies**

While the Fund does not expect investments in public companies to be a meaningful focus of its efforts, the Fund may invest in public companies or take private small-cap Portfolio Companies public. Investments in public companies may subject the Fund to risks that differ in type or degree from those involved with 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 Fund to dispose of such securities at certain times (including due to the possession by the Fund of material non-public information), increased likelihood of shareholder litigation against such companies' board members, which may include the Principals and other members of the Stride investment team, regulatory action by the domestic or foreign securities regulators and increased costs associated with each of the aforementioned risks.

In addition, in connection with investments in public companies, the Fund may be unable to obtain financial covenants or other contractual rights that it might otherwise be able to obtain in making directly originated or otherwise privately negotiated investments. Moreover, the Fund may not have the same access to information in connection with investments in public securities, either when investing a potential investment or after making an investment, as compared to privately negotiated investments. The Fund may also be limited in its ability to make investments, and to sell existing investments, in public securities because the Fund may be deemed to have material, non-public information regarding the issuers of those securities. The inability to sell public securities in these circumstances could materially adversely affect the investment results of the Fund.

### **Special Risks Associated with Non-U.S. Investments**

Subject to the terms of the Fund Agreement, the Fund may invest a portion of its Commitments in Portfolio Companies that are headquartered and have their principal operations outside of the United States. These investments may involve special risks not typically associated with investments in securities of U.S. issuers, including (a) economic and political factors, such as the risk of expropriation, restrictions on repatriation of profits, and political and social instability; (b) differences among U.S. and foreign practices, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets, the relatively greater price volatility



and illiquidity of foreign securities markets; (c) currency exchange risks, including the cost of converting investment cash flows from one currency into another; and (d) tax-related issues, including the possibility of withholding taxes, confiscatory foreign taxes, and double taxation of income earned overseas.

### **Currency Risk**

Although the functional currency of the Fund will be United States dollars, the Fund may from time to time make investments using currencies other than United States dollars. Unless otherwise agreed by the General Partner and a limited partner, all capital contributions to be made by the limited partners will be in United States dollars and all cash distributions from the Fund will be denominated in United States dollars. The value of a limited partner's Interest or the value of the investments made by the Fund may fluctuate as a result of the impact of economic and political changes on currency exchange rates.

### **Hedging**

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

### **Investments in Distressed Companies**

The Fund may make investments in Portfolio Companies that are experiencing or are expected to experience financial difficulties which may never be overcome. These financial difficulties may cause such Portfolio Companies to become subject to bankruptcy proceedings and could, in certain circumstances, subject the Fund to certain additional potential liabilities which may exceed the value of the Fund's investment therein. For example, under certain circumstances, lenders who have inappropriately exercised control over the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. Certain of the Fund's investments may be originated by or acquired from persons or entities, including financial institutions, that are insolvent, in serious financial difficulty or are no longer in existence and, as a result, the standards by which such investments were originated, the recourse to the seller or the standards by which such investments are being developed may be materially and adversely affected. Additionally, under certain circumstances, payments to the Fund and distributions by the Fund to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws.

### **Difficulty in Valuing Investment Portfolio**

The General Partner will value the Portfolio Investments of the Fund from time to time at their fair market values. Fund assets that are publicly traded securities for which market prices are readily available will be valued based on their trading prices; however, for almost every Portfolio Company, there will likely be no public market for its securities. Thus, the valuation of Portfolio Investments inherently is highly subjective and imprecise and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value. In establishing the value of the Fund's Portfolio Investments, the General Partner may also consult with accounting firms, investment banks and other third parties when needed, to assist with the valuation of the Fund's investments. The value set by the General Partner (or such third party) may not reflect the price at which the Fund could dispose of its interests in a particular Portfolio Company at any given time.

## **Cyber Security**

Stride, the Fund, their affiliates, service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect Stride, the Fund and its investors, despite the efforts of Stride and the Fund's 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, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Stride, the Fund's service providers, counterparties or data within these systems.

Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Stride's systems to disclose sensitive information in order to gain access to Stride Consumer's data or that of the Fund's investors. A successful penetration or circumvention of the security of Stride Consumer's systems could result in the loss, theft or corruption of an investor's data, a loss of Fund data, a loss of funds, the inability to access electronic systems, overall disruption in operations systems, loss, theft or corruption of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. These threats may also indirectly affect the Fund through cyber incidents with third-party service providers or counterparties. Data taken in such breaches may be used by criminals in identity theft, obtaining loans or payments under false identities, and other crimes that could affect the Fund's investors directly as well as affect the value of assets in which the Fund invests. These risks 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, Stride and/or the 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 and adverse reputational reaction or litigation.

Similar types of operational and technology risks are also present for the Portfolio Companies in which the Fund invests, which could have material adverse consequences for such

companies, and may cause the Fund's investments to lose value and negatively impact returns to investors.

### **Risks of Foreign Trade Relations and Associated Tariffs**

Portfolio Companies may source certain raw materials from international suppliers. Import tariffs, taxes, customs duties and/or other trading regulations imposed by the United States government on foreign countries, or by foreign countries on the United States, could significantly increase the prices Portfolio Companies pay for certain raw materials, such as steel, aluminum and purchased components, that are critical to their ability to manufacture their products. In addition, Portfolio Companies may be unable to find a domestic supplier to provide the necessary raw materials on an economical basis in the amounts they require. If the cost of raw materials increases, or if Portfolio Companies are unable to procure the necessary raw materials required to manufacture our products, then they could experience a negative impact on their operating results, profitability, customer relationships and future cash flows, which could have a material adverse impact on the value and performance of the Fund's investment therein.

### **Natural Disasters, Terrorist Acts and Similar Dislocations**

Upon the occurrence of a natural disaster such as flood, hurricane, or earthquake, or upon an incident of war, riot or civil unrest, the impacted country may not efficiently and quickly recover from such event, which can have a materially adverse effect on Portfolio Companies and other developing economic enterprises in such country. Terrorist attacks and related events can result in increased short-term economic volatility. U.S. military and related actions in Afghanistan, Iraq and Syria, other events in the Middle East, and terrorist actions worldwide could have significant adverse effects on U.S. and other economies and securities markets. The effects of future terrorist acts (or threats thereof), military action or similar events on the economies and securities markets of countries cannot be predicted. Such disruptions of the global financial markets could affect interest rates, ratings, credit risk, inflation and other factors relating to the Fund's investments.

### **Global Economic Conditions; Market Dislocation**

General global economic conditions may affect the Fund's activities. Interest rates, general levels of economic activity, fluctuations in the market prices of securities and participation by other investors in the financial markets may affect the value of investments made by the Fund. Instability in the securities markets may increase the risks inherent in portfolio investments made by the Fund and instability in the fixed income markets may cause significant dislocations, illiquidity and volatility in the structured credit, leveraged loan and high yield bond markets, as well as in the wider global financial markets. To the extent the Fund's Portfolio Companies participate in such markets, the results of their operations may suffer. In addition, certain market events may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of the Fund's Portfolio Companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, the Fund could lose both invested capital in and anticipated profits from such Portfolio Companies.

In addition, current global economic conditions may materially and adversely affect (i) the ability of the Fund, its Portfolio Companies or their respective affiliates to access the credit markets on favorable terms or at all in connection with the financing or refinancing of investments; (ii) the ability or willingness of certain counterparties to do business with the Fund or its affiliates; (iii) the Fund's exposure to the credit risk of others in its dealings with various counterparties (for example, in connection with joint ventures or the maintenance with financial institutions of reserves in cash or cash equivalents); (iv) consumer spending and demand for the products and services offered by the Fund's Portfolio Companies; (v) growth opportunities for the Fund's investments; (vi) the Fund's ability to exit its investments at desired times, on favorable terms or at all; (vii) availability of reliable insurance on favorable terms or at all; and (viii) the ability of the Fund's limited partners to meet their obligations to the Fund in a timely manner or at all.

National and global market and economic conditions may deteriorate during the term of the Fund, and such conditions could deteriorate materially and for an extended period of time. Market fundamentals across many continental European economies have worsened over the last several years, and it is possible that some period of market dislocation will exist during the term of the Fund. National and global concerns about future economic growth, lower consumer sentiment, rising unemployment, changes in demographics, market instability, inflationary pressures, fluctuating oil prices, adverse developments in the credit markets and mixed corporate earnings may present significant challenges to the national and global economies and equity markets. Any of the foregoing could have a material adverse impact on the Fund.

### **Diseases, Pandemics and Epidemics**

The impact of disease and epidemics may have a negative impact on Stride, the Fund and its Portfolio Companies and each of their respective affiliates and the performance and financial position of each of the foregoing. The COVID-19 pandemic, renewed outbreaks of other epidemics or the outbreak of new epidemics have or could result in health or other government authorities requiring the closure of offices or other businesses and have or could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, the operations of any of the foregoing persons could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on any of the foregoing persons.

The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. COVID-19 has spread around the world resulting in wide-spread business and social disruption. The speed and extent of the spread of COVID-19 and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain and such adverse effects may be material. While governmental agencies and private sector participants will seek to mitigate the adverse effects of COVID-19, which may include such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel and other restrictions, and the medical community is seeking to develop vaccines and other treatment options, the efficacy of such measures is uncertain.

The operations and business results of Stride, the Fund and its Portfolio Companies, and each of their respective affiliates could be materially adversely affected by the COVID-19 outbreak and such outbreak of future outbreaks may adversely affect the Fund's ability to fulfill its investment obligations. The extent to which COVID-19 (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions required to contain COVID-19 or treat its impact, among others, and other factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence 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, including, without limitation, the COVID-19 pandemic, may materially and adversely impact (a) the value and performance of the Fund's Portfolio Companies, (b) the ability of the Fund's Portfolio Companies to continue to meet loan covenants, post margin or repay loans on a timely basis or at all, or (c) the Fund's ability to source, manage and divest investments and the Fund's ability to achieve its investment objectives, all of which could result in significant losses to the Fund. The foregoing market conditions may cause the Fund to write down assets materially as the fair market value of its investments may be reduced in light of a potential or actual economic decline or recession, decline in or lack of consumer confidence or uncertain and volatile market conditions that are difficult to assess or predict. In addition, the operations of Stride, the Fund and its Portfolio Companies and each of their respective affiliates may be significantly impacted, or even temporarily or permanently halted, 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 any such entity's personnel.

### **Business Continuity Plans**

In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, Stride will initiate its business continuity plan to safeguard that its employees have the resources and technology necessary to continue their responsibilities and meet Portfolio Company and investor needs. Stride is not able to predict the level of disruption that such catastrophic events may have on its operation or the ability of its plan to succeed in a time of crisis. Thus, its business continuity plan may be insufficient to continue operating Stride's business as usual in light of such unforeseen circumstances. Any insufficiency in the business continuity plan could cause interruptions in the operations of Stride, the Fund and its Portfolio Companies, and/or each of their respective affiliates.

### **Market Discussion and Economic Outlook**

The market outlook, trends, opportunities and other matters presented in this Memorandum reflect Stride's current view, which is based on various estimates and assumptions, including about future events. The estimates and assumptions are subject to uncertainties, changes and other risks, many of which may be beyond Stride's control and any of which may cause the actual financial and other results to be materially different from the results expressed or implied herein. There can be no assurance that such market outlook, trends, opportunities and other matters will materialize.

## **Uncertainty Regarding the United Kingdom's Referendum on Withdrawal from the European Union**

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and the Fund's business. In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. On March 29, 2017, the United Kingdom formally gave notice to the European Council of its decision to secede from the European Union pursuant to Article 50 of the Lisbon Treaty, thus commencing a two-year period during which the terms of the United Kingdom's departure from the European Union are to be negotiated and agreed. It is likely that a transition period will be agreed between the United Kingdom and the European Union, pursuant to which it is anticipated that the United Kingdom will remain part of the European Union Single Market and Customs Union, and remain subject to European Union laws, until at least late 2020. The United Kingdom's decision to leave the European Union has created significant uncertainty about the future relationship between the United Kingdom and the European Union and also the future status of trade deals between the United Kingdom and the rest of the world, which will need to be negotiated on a bilateral basis upon the European Union's trade deals ceasing to apply to the United Kingdom upon its official departure. The United Kingdom's referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, markets, the economy generally and on the ability of the Fund and its investments to execute their respective strategies and to receive attractive returns, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict the ability of the Fund and/or its Portfolio Companies to access the capital markets, any of which could have a material adverse effect on the business, financial condition and results of operations of the Fund and/or its Portfolio Companies.

## **Eurozone Risk**

There are significant and persistent concerns regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro to function as a single currency given the diverse economic and political circumstances in individual Eurozone countries. The risks and prevalent concerns about a credit crisis in Europe could have a detrimental impact on global economic recovery as well as on sovereign and non-sovereign debt in the Eurozone countries. There can be no assurance that the market disruptions in Europe will not spread to other countries, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize affected countries and markets in Europe or elsewhere. These and other concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro entirely.

## **Anti-Corruption Laws**

In recent years, regulators have placed an increased focus on the U.S. Foreign Corrupt Practices Act ("FCPA"), the United Kingdom Bribery Act of 2010 ("UKBA") and other

anticorruption laws, anti-bribery laws, rules and regulations, as well as anti-boycott regulations, to which Stride Consumer, the General Partner, the Fund and/or the Portfolio Companies may be subject (collectively, the “**Anti-Corruption Laws**”). Such Anti-Corruption Laws may result in the Fund and its Portfolio Companies incurring additional costs and expenses or otherwise affect the management and operation of the Fund and/or its Portfolio Companies. In addition, any determination that Stride Consumer, the General Partner, the Fund and/or any Portfolio Company has violated any Anti-Corruption Law could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct and/or securities litigation, any one of which could adversely affect Stride Consumer, the General Partner, the Fund and/or the Portfolio Companies.

While Stride Consumer has developed and implemented procedures and practices designed to require compliance by Stride Consumer and its personnel with applicable anti-corruption laws, such procedures and practices may not be effective in all instances to prevent violations. In addition, in spite of Stride Consumer’s policies and procedures, Portfolio Companies and their affiliates may engage in activities that could result in FCPA and UKBA violations, particularly in cases where the Fund does not control such Portfolio Company. Any determination that Stride Consumer, the General Partner, the Fund or one of their respective affiliates has violated the FCPA, UKBA or other applicable anti-corruption laws could subject Stride Consumer, the General Partner, the Fund and/or such affiliates and their respective officers, employees and agents to civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation, debarment from federal or international programs and/or a general loss of investor confidence, among other things, any one of which could adversely affect Stride Consumer’s business prospects and/or financial position, as well as the Fund’s ability to achieve its investment objective and/or conduct its operations.

### **Alternative Investment Fund Managers Directive**

Interests in the Fund will not be marketed (as defined in Article 4(1)(x) of the Directive 2011/61/EU of the European Union Parliament and the European Union Council of 8 June 2011 on Alternative Investment Fund Managers (the “**AIFMD**”)) to investors resident, domiciled, or having their registered office in the European Economic Area (“**EEA**”) (such investors being “**EEA Investors**”) or Switzerland and, as a result, do not intend to become authorized pursuant to the AIFMD as an alternative investment fund manager (“**AIFM**”). Neither the General Partner nor Stride Consumer are authorized as AIFMs pursuant to the AIFMD or any implementing legislation in relation thereto in any EEA member state.

It is not currently intended that Interests will be marketed to any EEA Investors. Accordingly, an EEA Investor may only invest in the Fund: (i) as a result of its unsolicited, own initiative, expression of interest in investing in the Fund; and (ii) provided that it is a “professional investor” (as defined in Article 4(1)(ag) of the AIFMD). None of the General Partner, Stride Consumer or the Fund will be subject to the provisions of the AIFMD and the protections and rights afforded to investors pursuant to the AIFMD shall not apply.

If the Fund is marketed to investors resident, domiciled (or having their registered office in the EEA): (i) Stride Consumer may be subject to certain reporting, disclosure and other compliance obligations in relation to the Fund under the AIFMD, which may result in the Fund

incurring additional costs and expenses; (ii) the Fund, the General Partner and/or Stride Consumer may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the General Partner and/or Stride Consumer may be required to make detailed information relating to the Fund and its investments available to regulators and third-parties; and (iv) the AIFMD may also restrict certain activities of the Fund in relation to Portfolio Companies with their registered office in the EEA (an “**EEA Operating Company**”) including, in some circumstances, the Fund’s ability to recapitalize, refinance or potentially restructure an EEA Operating Company within the first two years of ownership. Furthermore, the AIFMD could expose the General Partner, Stride Consumer and/or the Fund to conflicting regulatory requirements in the United States and Europe.

## **Data Privacy**

The General Data Protection Regulation (“**GDPR**”) came into effect on May 25, 2018. The purpose of the GDPR is to provide for the protection of the individual’s right to privacy with respect to the processing of personal data.

The GDPR is directly applicable in all EU Member States, creating a single legal framework that results in a more uniform application of data privacy laws across the EU. To the extent that Stride Consumer provides offers goods or services to, or monitors the behavior of, natural persons resident in the EU (“**EU Data Subjects**”), Stride Consumer will be deemed to be a “controller” with respect to personal data collected from such EU Data Subjects and will be required to comply with the provisions of the GDPR, which are extensive and require consistent and thorough application. The GDPR implements more stringent operational requirements and onerous accountability obligations for controllers and processors of personal data, including, for example, requiring expanded disclosures about how personal information is to be used, limitations on retention of information, mandatory data breach notification requirements, and higher standards for data controllers to demonstrate that they have obtained valid consent or have another legal basis in place to justify their data processing activities.

Controllers must put in place the necessary mechanisms to allow EU Data Subjects to exercise their data subject rights, such as the right to access and rectify their personal data, the right to impose restrictions on processing, and in certain circumstances the right to request the deletion of personal information, to request the transfer of such information to another controller, to object to the processing of their personal information. The GDPR provides that EU member states may make their own additional laws and regulations in relation to certain data processing activities, and may impose stricter governance requirements, which could limit Stride Consumer’s ability to use and share personal data or could require localized changes to Stride Consumer’s and the Fund’s operating models (if applicable). The provisions of the GDPR may also apply to the Fund’s Portfolio Companies, to the extent that they are established in the EU, or offer goods or services to, or monitor the behavior of, EU Data Subjects.

Under the GDPR fines of up to €20 million or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, may be imposed for non-compliance. An assessment by a competent authority in the EU that Stride Consumer has not complied with the requirements of the GDPR (if applicable) could result in serious financial and reputational



damage to Stride Consumer and the Fund. These new laws (if applicable) also could cause costs of the Fund and its investments to increase and result in further administrative burden, which is likely to reduce capital and time that can be deployed for making investments.

Global data protection laws are evolving and as the Fund's Portfolio Companies may be continually subject to new laws, regulations or standards or new interpretations of existing laws, regulations or standards, these laws could affect the value of the Fund's Portfolio Companies if they incur additional costs and restrict business operations. Failure by the Fund's Portfolio Companies to comply with applicable requirements may result in governmental enforcement actions, litigation, (actual or contingent) fines and penalties or adverse publicity, which could have an adverse effect on their and the Fund's reputation and adversely affect the business and the value of the Fund's investments.

### **Information Technology; Disaster Recovery**

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

### ***Risks Relating to Consumer Sectors***

#### **Growth Company Investments**

The Fund's strategy includes investing in growth companies and pursuing strategies to accelerate growth. There can be no assurances that the growth strategies identified by Stride will be realized during the ownership period. Further, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Moreover, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in lower- and middle-market companies, could make it difficult for the Fund to react quickly to negative economic or political developments.

#### **Consumer Products Industry**

The North American food and consumer products industries, which are the focus of the Fund, are very competitive, and have a significant number of competitors. Market success is subject to a number of factors, many of which lie outside the control of the Fund and the Fund's Portfolio Companies. In addition, such Portfolio Companies may face competition from a number of other companies, including ones with much greater financial and other resources. Portfolio

Companies may ultimately be unsuccessful in gaining significant market position or an anticipated market opportunity may not develop as expected. In either case, the Fund's investment results may be affected in a materially adverse manner.

## **Products and Services**

The business strategies of certain of the Fund's Portfolio Companies may be highly dependent upon the successful launch and commercialization of an innovative product. There can be no assurance that the research or product development efforts of the Portfolio Companies or those of their collaborative partners will be successfully completed, that specific products can be manufactured or provided in adequate quantities at an acceptable cost and with appropriate quality, or that such products can be successfully marketed or achieve customer acceptance. In those situations, the Fund may incur a partial or total loss of the capital which it invested in such Portfolio Company.

## **Food Manufacturing Risks**

The manufacture and sale of food products for human consumption involves the risk of injury, illness or death to consumers and the Portfolio Companies and/or their respective customers may be subject to product recalls, claims or lawsuits should the consumption of any food products manufactured by the Portfolio Companies and/or their respective customers cause injury, illness or death. Injuries may result from product tampering by third parties, product contamination or spoilage, or the presence of foreign objects, chemicals, or other agents in the product. Even if a product liability claim is invalid, unsuccessful or not fully pursued, the claims may be expensive to defend and may generate negative publicity that adversely affects a Portfolio Company's or the Fund's reputation, operations and overall profitability, or that of its customers. Any insurance coverage maintained by a Portfolio Company may be unavailable or insufficient to cover a judgment against such Portfolio Company in regard to any of these matters. A judgment awarded in excess of a Portfolio Company's insurance liability may adversely affect such Portfolio Company's and or the Fund's financial condition and operations. Additionally, a judgment may affect a Portfolio Company's ability to maintain existing insurance coverage or find replacement coverage, if at all, at a reasonable cost or on acceptable terms; and a judgment may adversely affect such Portfolio Company's ability to retain or attract its customers.

## ***Conflicts of Interest***

The General Partner, Stride Consumer and their respective affiliates may encounter potential conflicts of interest in connection with the Funds' interests, assets or activities. On any issue involving conflicts of interest, Stride will be guided by its respective good faith judgment. The following discussion includes certain potential conflicts of interest, although the discussion below does not describe all of the conflicts that may potentially be faced by a Fund.

Initially, Stride will only provide investment advisory services to Fund I. However, in the future, Stride may advise additional Funds and other investment vehicles and, from time to time, Stride may be presented with investment opportunities that would be suitable not only for Fund I, but also for other Funds and other investment vehicles operated by advisory affiliates of Stride. In determining which investment vehicles should participate in such investment opportunities, Stride

and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Stride will attempt to resolve such conflicts of interest in light of its obligations to investors in the Funds and the obligations owed by Stride's advisory affiliates to investors in investment vehicles managed by them, and will attempt to allocate investment opportunities among Fund I, other Funds and such investment vehicles in a fair and equitable manner. In certain circumstances, Stride may present potential conflicts of interest to the Advisory Committee for approval.

Stride's Principals and operating partners have worked, and certain operating partners continue to work, at Castanea Partners, Inc. ("**Castanea**"), another registered investment adviser. Castanea is no longer making new investments and has announced that it will not raise a new fund. Stride's Principals, and operating partners in some cases, will allocate time and attention to certain Castanea Investments until such Castanea Investments have been fully disposed, which may take a number of years. Stride does not expect such division of time and attention to present a conflict of interest given Castanea is not making any new investments, and the Principals intend to fully transition their time to Stride.

### **Allocation of Investment Opportunities; Other Business Activities of Stride and its Affiliates**

The Principals and Stride may participate in such other activities as further described in the Fund Agreement. Stride's, the Principals' or their respective affiliates' pursuit of certain other permitted investment activities (including, the Principals being involved as an advisor, manager, consultant, advisory board member, investor, partner, member, director, owner, equityholder and/or debtholder in connection with (i) Castanea Investments, (ii) personal and family investments, (iii) investments which meet the investment objectives of the Fund where the Fund is unable to pursue such investments due to the application of the investment limitations set forth in the Fund Agreement, and (iv) any subsequent blind-pool investment funds that have a substantially similar investment strategy as the Fund ("**Successor Funds**") and their respective parallel funds, feeder funds, alternative investment vehicles, co-investment vehicles, blocker corporations, and intermediate entities, and their respective portfolio companies and portfolio investments and other vehicles organized in connection with the making of investments) and as further described in the Fund Agreement may create conflicts of interest for the Funds. In such instances, each of Stride and the Principals will be free, in their discretion, to make recommendations and decisions with respect to the origination or disposition of such investments, independent of the recommendations and decisions made by the other. All such recommendations and decisions will be made for the Fund in a manner that Stride and the Principals in their good faith judgment deem, based upon their fiduciary duties and contractual obligations, to be appropriate given the investment objective, liquidity, diversification and other limitations of the Fund. It is possible that Stride, the Principals, the Castanea Investments or their respective affiliates will compete or have clients who compete (as applicable) with the Fund and/or its portfolio companies and/or prospective investments.

The performance and operation of such other businesses and investments could conflict with and adversely affect the performance and operation of Portfolio Companies of the Fund, and may adversely affect the prices and availability of business opportunities or transactions available to such Portfolio Companies. Further, in certain circumstances, such other businesses and investments may, in the ordinary course of business, transact with the Fund or its Portfolio

Companies. Stride will seek to resolve conflicts in a manner that Stride determines in its sole discretion to be fair and equitable.

### **Portfolio Company Relationships**

Certain of the Fund's Portfolio Companies may be counterparties to or participants in agreements, transactions or other arrangements with or alongside other Portfolio Companies, including Portfolio Companies of any Successor Funds. In addition, the Portfolio Companies and the portfolio companies of Stride or any of its affiliates or any Successor Funds may transact amongst themselves in the ordinary course of their respective businesses on customary commercial terms.

### **Co-Investment Opportunities; Investments with Third Parties**

Stride may, in its sole discretion, based on such factors as are deemed relevant by Stride, offer to one or more (but not necessarily all) Partners and/or third parties, the opportunity to co-invest on substantially the same time and on substantially the same terms as the Fund in Portfolio Investments. In circumstances where an entire investment could be made by the Fund, Stride may still allocate a portion of such investment to one or more co-investment vehicles or other co-investors in accordance with the Fund Agreement. The allocation of any co-investment opportunities may or may not be in proportion to the commitments of the co-investors and may involve different terms, fee structures and economics. As such, the Fund may receive a smaller allocation in a particular investment than it otherwise might have received if Stride had not provided the third party with the co-investment opportunity. In addition, each of the General Partner and any of its affiliates and the Principals may, in the sole discretion of the General Partner, make an investment in any vehicle formed in connection with any co-investment opportunity to the extent it is necessary or advisable for legal, tax or regulatory considerations. Moreover, it is possible that certain terms and fee structures offered to co-investors may be more (or less) favorable to Stride, the General Partner or any of their respective affiliates than those offered to limited partners, which may incentivize Stride to make more (or less) of such co-investment opportunities available. The purchase and sale by the Fund and any co-invest vehicles or other co-investors of any investment shall be made on the same terms and at the same time (subject to any legal, tax or regulatory considerations).

Stride has full discretion in determining to whom and in what relative amounts to allocate co-investment opportunities, whether through an entity it or one of its affiliates controls or directly into a Portfolio Company, subject to certain conditions. (i) Stride Consumer's evaluation of the size and financial resources of the potential co-investment party and Stride Consumer's perception of the ability of that person or entity (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the Fund without harming or otherwise prejudicing the Fund, in particular when the investment opportunity is time-sensitive in nature, as is typically the case; (ii) any confidentiality concerns Stride Consumer may have that may arise in connection with providing the potential co-investment party with specific information relating to the investment opportunity in order to permit such person or entity to evaluate the investment opportunity; (iii) Stride Consumer's evaluation of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of such person or entity to respond promptly and/or affirmatively to potential investment

opportunities previously offered by Stride Consumer; (iv) Stride Consumer's evaluation of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the potential co-investment party would act upon the investment opportunity if offered; (v) Stride Consumer's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Fund to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which the Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of the Fund being able to capitalize on a potential investment opportunity); and (vi) whether Stride Consumer believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to the Fund. Furthermore, as Stride Consumer may allocate co-investment opportunities as Stride Consumer determines in its sole discretion, the recipients thereof may include third party investors that are not limited partners of the Fund, or one or more limited partners and not others (including others that may be similarly situated to those receiving allocations of co-investment opportunities), clients or potential clients of Stride Consumer or its affiliates, or funds or accounts established for any such persons, and on such terms as Stride Consumer determines in its discretion.

In addition to allocating co-investment opportunities on a case-by-case basis as they arise as described above, Stride may determine to provide priority rights with respect to future co-investment opportunities generally to certain limited partners (but not to other limited partners, including similarly situated limited partners) or other persons, including those described above, pursuant to commitments, arrangements or agreements between Stride and limited partners or other persons or through the formation of one or more funds or other vehicles in which such limited partners or other persons would invest.

Stride may, in its sole discretion, require such co-investors to bear a carried interest, management fee and other costs and fees with respect to any co-investment, and such charges may be different from the carried interest, management or other costs and fees charged to investors in the Fund. As a result of these differences, the returns to the limited partners may differ from the returns to the co-investors. In particular, such investors' net returns with respect to co-investment opportunities may differ from limited partners' net returns with respect to the Fund, particularly for those investors in co-investment opportunities whose investment will not be subject to any (or will be subject to reduced) management fees, or carried interest payable to Stride. A Co-Invest Fund will bear its *pro rata* share of any expenses relating to the applicable consummated investment and may be required to pay its *pro rata* share of broken-deal expenses.

The economic participation of co-investors in an investment opportunity may be substantial and may involve greater risks than an investment in which there are no co-investors. It is possible that a co-investor may at any time have interests that are inconsistent with those of Stride or the Fund. In addition, co-investors may be in a position to obtain additional information regarding the applicable Portfolio Company that may not generally be available to limited partners in the Fund.

In addition, the Fund may co-invest with third-parties, including strategic investors and management team members, whose ability to influence the day-to-day management and affairs of the Portfolio Companies' investments may be significant and even greater than that of the Fund through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party investor may have financial, legal or regulatory difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of such third-party investors. In those circumstances where such third-parties involve a management group, such third-parties may receive compensation arrangements relating to such investments, which may involve incentive compensation arrangements, including carried interest and/or other fees payable to such third-parties. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of the Fund's interests.

### **Portfolio Company Board Participation**

It is expected that one or more Principals or other members of Stride's investment team may act as directors of certain of the Portfolio Companies and, as such, may have duties to persons other than the Fund. Although such positions in certain circumstances may be important to the Fund's investment strategy and may enhance the General Partner's and Stride's ability to manage investments, they may also have the effect of impairing the Fund's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject the General Partner, Stride and the Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Fund will indemnify the General Partner, Stride, the Principals and other members of Stride's investment team from such claims.

### **Other Transactions with the Fund**

Apart from transactions specifically contemplated or approved herein or under the Fund Agreement or subscription documents related to the Fund, the General Partner, Stride, the Principals and their respective affiliates will not engage in any transaction with the Fund or any Portfolio Company unless the terms of the transaction are on an arm's-length basis and on terms which are no less favorable to the Fund or such Portfolio Company than would be obtained in a transaction with an unaffiliated party. Any transaction approved by the Advisory Committee will be deemed approved on behalf of all limited partners as being on an arm's-length basis, and any such transaction will be subject to such policies and procedures as are in effect from time to time applicable to Stride.

### **Side Letters**

Stride may, on behalf of the Fund, enter into a side letter or other similar agreement with one or more limited partner in connection with its investment without the approval of any other limited partner. This would have the effect of establishing rights under or supplementing the terms of the Fund Agreement with respect to such limited partner in a manner potentially more favorable to such limited partner than those applicable to other limited partners. Such rights or terms in any

such side letter or other similar agreement may include, without limitation, (i) rights to designate a member of the Advisory Committee; (ii) excuse rights applicable to particular investments (which may increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, such investments); (iii) reporting obligations of the General Partner; (iv) waiver of certain confidentiality obligations; (v) consent of the General Partner to certain transfers by such limited partner; (vi) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a limited partner; (vii) adjustments to fees or other economics (including, without limitation, the Management Fee, carried interest, or distributions); (viii) access to certain information; (ix) consent rights of the limited partner; (x) co-investment rights; (xi) tax and structuring matters; and (xii) other representations, warranties or diligence confirmations. Stride may not be required to notify the other limited partners of any such side letters or of any of the rights or terms or provisions thereof, and some or all of the other limited partners may not be entitled to receive such additional benefits or other rights. Stride may enter into such side letters with any party as Stride may determine, in its sole and absolute discretion, at any time. Limited partners will not necessarily have most-favored-nation rights in respect of all or any of the more favorable terms provided to others and limited partners will have no recourse against the Fund or Stride in the event that certain limited partners receive additional benefits or other rights pursuant to side letters that are more favorable than the terms received by other limited partners.

In addition, if the General Partner enters into a side letter entitling a limited partner to be excused or excluded from a particular investment or withdraw from the Fund, (a) any election to be excused or excluded or to withdraw by such limited partner may increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, future investments, and reduce the overall size of the Fund and/or (b) the Fund's ability to consummate certain investments may be inhibited. Any co-investment rights granted to a limited partner in a side letter or other similar agreement may result in fewer co-investment opportunities (or reduced or no allocations) being made available to other limited partners.

### **Diverse Investor Group**

Investors in the Fund may have conflicting investment, tax and other interests with respect to their investments in the Fund or a particular Fund vehicle. These conflicting interests of individual investors and of the different Fund vehicles may relate to or arise from, among other things, the nature of investments in Portfolio Companies made by the Fund, the structuring or the acquisition of investments and the structure, timing or manner of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner or Stride, including with respect to the nature or structuring of investments or dispositions, that may be more beneficial for one investor or for one Fund vehicle than for another investor or Fund vehicle, especially with respect to investors' individual tax situations and the tax treatment of the different Fund vehicles.

In addition, it is anticipated that investors or their affiliates, which may be, or have meaningful interests in or relationships with, companies with significant business interests within the Fund's targeted industry sector, insurance and other risk management companies, financial institutions and governmental or other pension plans, may have direct or indirect interests in one or more of the investments of the Fund. For example, one or more investors or their affiliates may

be senior or subordinated lenders to one or more of the Portfolio Companies or an investor may also act as a co-investor or otherwise participate in the financing of a Portfolio Company in which the Fund has made an investment or where such co-investor has a direct or indirect interest in such investment. One or more of the Fund's investors could hold Portfolio Company securities or provide risk management services. This could result in the Fund becoming involved in disputes and litigation with one or more of its investors or affiliates.

### **Limited Partner Advisory Committee**

Although the Advisory Committee is intended to act as the representative of the limited partners in respect of certain matters, including reviewing valuations of the Fund's assets and addressing potential conflicts of interest (including being authorized to provide consent on behalf of the Fund in connection with certain affiliate transactions, Advisers Act "assignments" or as otherwise requested by Stride), the Advisory Committee may not have the same interests as all investors. Furthermore, the Advisory Committee cannot be expected to be an expert in such matters, and certain of its determinations may, in fact, adversely affect the performance of the Fund. In addition, members of the Advisory Committee may have conflicts of interest that do not disqualify them from voting on or consenting to matters submitted for consideration or review. The Fund will indemnify the members of the Advisory Committee, any affiliate or employer of any such members and any limited partner represented on the Advisory Committee by any member, in connection with any involvement with the Advisory Committee, respectively, but only to the extent that such person acted in good faith and as specifically required by the Fund Agreement. In addition, the Advisory Committee generally does not owe a fiduciary obligation to the Fund.

### **Use of Subscription Lines**

The Funds may fund the making of investments with proceeds from drawdowns under one or more revolving credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, *i.e.*, subscription lines) prior to calling capital commitments. The interest expense and other costs of any such borrowings (for example, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line) will be borne by the relevant Fund and, accordingly, will decrease net returns and total distributable profits of such Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the 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. In light of the foregoing, Stride Consumer has an incentive to cause such vehicle to borrow in this manner in lieu of drawing down capital commitments, subject to the operating and offering documents of each Fund. Additionally, calling a large amount of capital at once to repay amounts under a subscription line could cause liquidity concerns for investors that would not arise had smaller amounts of capital been called incrementally over time.

To the extent a Fund uses its subscription line to make an investment and then subsequently sells down a portion of such investment to one or more co-investors, such co-investors generally will reimburse the Fund for its pro-rata borrowing amount and related interest expense associated with its purchased interest, but such co-investors generally will not reimburse the Fund for any



other expenses associated with the subscription line (including, without limitation, any upfront fees, unused commitment fees and the legal expenses relating to such subscription line).

#### **ITEM 9           DISCIPLINARY INFORMATION**

Neither Stride nor any of its Principals or other management persons have been subject to any material legal or disciplinary events required to be discussed in this Brochure.

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

Stride Consumer is affiliated with the General Partner. The General Partner is controlled by individuals who are also Principals of Stride Consumer. As previously described, because the General Partner may receive a “carried interest” or performance fee, there may be an incentive for Stride to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of these arrangements. The General Partner operates as a single advisory business together with Stride Consumer, serves as general partner of Fund I, may share common owners, officers, partners, employees, consultants or persons occupying similar positions, are under common control, and is subject to Stride Consumer’s Code of Ethics and compliance programs adopted pursuant to the requirements of the Advisers Act.

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

Stride Consumer has adopted a Code of Ethics (the “**Code**”), which sets forth standards of conduct that are expected of Stride’s Principals and employees, and addresses conflicts that arise from personal trading. The Code requires certain Stride personnel and their family members living in the same household to report their personal securities transactions, requires Stride personnel and their family members living in the same household to obtain pre-approval from Stride’s Chief Compliance Officer (“**CCO**”) in order to acquire, directly or indirectly, beneficial ownership of securities in a limited offering or initial public offering, and may prohibit Stride personnel from directly or indirectly acquiring or disposing of beneficial ownership of certain securities without first obtaining approval from Stride’s CCO. A copy of the Code will be provided to any investor or prospective investor upon request to Stride’s CCO at [colleen@strideconsumer.com](mailto:colleen@strideconsumer.com). Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

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

Accordingly, should Stride Consumer or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Stride Consumer would be prohibited from communicating such information to clients and may be prohibited from engaging in a transaction that it would otherwise undertake on behalf of a client. Stride Consumer will have no responsibility or liability for failing to disclose such information to,

or undertake a transaction on behalf of, clients as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Stride personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

In the future, the Funds may invest together with other private investment funds advised by an affiliated adviser of Stride Consumer in the manner set forth in the Governing Documents. Stride will determine the allocation of investment opportunity in a manner that it believes is fair and equitable to the Funds consistent with Stride Consumer's obligations and with the Stride Investment Transactions with Affiliates and Allocation Policies (the "**Allocation Policy**"). Additional conflicts of interests considerations are further described above under Item 8 "*Methods of Analysis, Investment Strategies and Risk of Loss.*"

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

## **ITEM 12      BROKERAGE PRACTICES**

Stride serves as investment adviser to certain pooled investment vehicles. As the Funds invest primarily in private equity ventures, Stride anticipates that investments in publicly traded securities will be infrequent occurrences (*e.g.*, money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, Stride has adopted certain policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

It is the obligation of Stride, in placing each transaction for a Fund involving a broker-dealer, to 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, Stride's CCO takes into account all factors that he or she deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. To the extent consistent with achieving best execution, Stride may also consider other business a particular broker or dealer may have done with Stride, such as identifying investment opportunities, performing investment banking services and providing services to Stride's Principals.

Stride does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive prospective limited partner referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage.

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

Stride continuously monitors and manages the assets and performance of its clients, as well as evaluates potential dispositions and other means of adding value for investors with respect to the invested assets. Reviews are incorporated into annual reports to Stride's investors and such reports will typically contain financial information and summaries, performance, current investments, recent acquisitions, portfolio activity, detailed investment activity, and relevant developments in the property and financial markets.

Fund I provides the following information to their investors: (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual and quarterly statements showing the capital account of each investor; (iii) annual and quarterly schedules of Fund I's portfolio companies; (iv) annual narrative reports of the performance of such investments; (v) an annual valuation of each investment; and (vi) annual tax information necessary for each limited partner's tax return. In addition to the information provided to all investors, Stride may provide certain investors with additional information or more frequent reports that other investors will not receive.

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

From time to time, Stride may enter into placement arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an investor in a Fund. With respect to Fund I, Stride has engaged Campbell Lutyens Co Ltd. ("**Campbell**") and any fees and expenses payable to Campbell will be borne by Stride, either directly or indirectly through a dollar-for-dollar offset against the management fee as described in Item 5 "*Fees and Compensation*," above. The placement arrangement with Campbell is based on a percentage of commitments to Fund I. The fee percentage varies by the type of investor and the amount of aggregate commitments to the Fund.

Any such placement agents soliciting third-party investors in the U.S. will be registered as broker-dealers with the SEC and placement agents soliciting third-party investors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

#### **ITEM 15 CUSTODY**

Stride uses a qualified, unaffiliated third-party custodian to hold the Funds' funds and, to the extent required pursuant to the Advisers Act and SEC guidance, certificated securities. Although Stride is deemed to have custody of the underlying assets of the Funds, Stride relies on the "pooled investment vehicles" exemption from the reporting and surprise audit obligations imposed by the SEC's custody rule. Accordingly, the Funds are generally subject to a year-end audit by a major accounting firm that is a member of, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are then provided to the underlying investors of Funds within 120 days of the end of the fiscal year.

## **ITEM 16      INVESTMENT DISCRETION**

Stride has discretionary authority to manage investments on behalf of each Fund pursuant to the respective Governing Documents, as negotiated between Stride and each Fund's investors. Stride assumes this discretionary authority pursuant to the terms of the applicable partnership agreements, management agreements and powers of attorney executed by the limited partners of the Funds.

As a general policy, Stride does not allow clients to place limitations on this authority. Pursuant to the terms of the applicable partnership agreement and as previously described, however, Stride may enter into side letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, to provide for reduced fees or the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Investment advice is provided directly to each Fund and not individually to the limited partners of any Fund. For additional discussion of limitations clients may impose on investing in certain investments or types of investments, see Items 4 and 8 above.

## **ITEM 17      VOTING CLIENT SECURITIES**

Stride Consumer has adopted voting policies and procedures (the "**Voting Policy**") to address how it will vote or give consent with respect to the securities owned by the Funds for which Stride exercises voting authority and discretion. The Voting Policy seeks to ensure that Stride votes proxies and any shareholder vote or consent (or similar instruments) (collectively, "**proxies**") in the best interest of a Fund in accordance with Stride Consumer's fiduciary duties and Rule 206(4)-6 of the Advisers Act. Stride believes that its interests are generally aligned with those of the Funds' investors, and therefore will not seek investor approval or direction when voting proxies.

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

The CCO is responsible for identifying any potential conflict of interest for each proxy. The CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds. Where the CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the 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. The CCO is responsible for monitoring compliance with Stride Consumer's proxy voting policies and procedures. The CCO will also maintain, or have available, written or electronic copies of each proxy statement received and of each executed proxy, as well as all applicable records relating to each proxy.

A copy of Stride Consumer's Voting Policy will be provided to any client, prospective client or any investor in a Fund upon request to Colleen Love, Stride Consumer's CCO, at [colleen@strideconsumer.com](mailto:colleen@strideconsumer.com).

***ITEM 18***      **FINANCIAL INFORMATION**

Stride does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure. None of Stride has been the subject of any bankruptcy petition during the past ten years.