



## FORM ADV

### Uniform Application for Investment Adviser Registration Part 2A

#### INSIGHT VENTURE MANAGEMENT, LLC

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As of March 30, 2020

**This brochure provides information about the qualifications and business practices of Insight Venture Management, LLC. If you have any questions about the contents of this brochure, please contact us at 212-230-9200 and/or [contact@insightpartners.com](mailto:contact@insightpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Insight Venture Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

There have been no material changes since the most recent update to Part 2 of Insight Venture Management, LLC (“Insight”, the “Manager” or “we”), which was the annual update made as of March 25, 2019.

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## **Item 4 Advisory Business**

Insight is an investment manager of private investment funds focused primarily on investing in growth-stage software, software-enabled services and Internet businesses. Insight was founded in 1995. The owners of Insight are Jeffrey Horing, Deven Parekh, Peter Sobiloff, Jeffrey Lieberman and Michael Triplett through their respective interests in Insight Holdings Group, LLC.

Insight provides discretionary investment management services to pooled investment vehicles (each, a “Fund”) in accordance with individually negotiated investment objectives, strategies and guidelines, which may include restrictions on investing in certain securities or types of securities. Investors in the Funds (each, an “Investor”) invest with Insight by purchasing interests in a Fund when the Fund is raising capital. Please refer to Items 8 and 16 for more detailed descriptions of Insight’s investment strategies and restrictions.

Insight managed \$31,168,897,011.68 of client assets on a discretionary basis (and \$0 on a non-discretionary basis) as of December 31, 2019.

All discussions in this brochure of the Funds, their investments, the strategies Insight uses in managing the Funds, and the fees associated with an investment in the Funds are qualified in their entirety by reference to the Funds' private placement memoranda and amended and restated limited partnership agreements. This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale an interest in the Funds.

## **Item 5 Fees and Compensation**

### **Management Fee**

Insight generally receives an annual management fee (the "Management Fee") from each Fund with respect to each Investor in such Fund. The Management Fee rate charged differs from Fund to Fund but is generally up to 2% of such Investor's commitment during the Fund's investment period or until Management Fees are payable to a successor Fund. After the investment period or when Management Fees are payable to a successor Fund, the Fund generally pays a Management Fee based on each Investor's pro rata share of the Fund's invested capital. Invested capital equals the balance of the acquisition cost of the portfolio investments held by the Fund, taking into account any permanent impairments of portfolio assets and otherwise as such acquisition cost is determined under the Fund's limited partnership agreement, which may differ from the cost basis determined under generally accepted accounting principles. Management Fees are generally payable quarterly in advance and are deducted from the account of each Fund. Funds that Insight forms to co-invest alongside a Fund in certain investments (each, a "Coinvestment Fund") generally charge a lower or no Management Fee and may have a sliding scale for Management Fees based on the size of Investor commitments or other criteria. Insight has also sponsored the formation of a Fund for the purpose of acquiring, holding, making follow-on investments in, and disposing of certain portfolio investments of certain prior Funds (the "Continuation Fund"). Insight does not charge Management Fees to the Continuation Fund. Generally, once a Fund has reached the end of its original term it no longer pays Management Fees. In addition Insight may elect to not charge a Management Fee to certain Investors within a Fund. For example, other than with respect to some older Funds, Insight generally does not charge Management Fees for Investors who are employees or former employees of, and may not charge Management Fees for Investors who are otherwise related to, Insight or its personnel. While Side-by-Side Funds (as described below in response to Item 7) pay Management Fees and Carried Interest, the Investors in such Side-by-Side Funds are more likely to be Investors who do not pay Management Fees and/or Carried Interest (as defined below in Item 5). Management Fees are paid by a Fund from capital contributions of the Fund Investors, proceeds from Fund investments or other cash available to a Fund.

In certain older Funds, Insight was, in its sole discretion, permitted to and did waive some of its Management Fees in exchange for a profits interest in the Fund. It last did so with respect to calendar year 2014. It never waived any management fees in its 2013 vintage flagship Fund and removed the mechanism entirely starting from its 2014 vintage flagship Fund.

Insight does not charge separate monitoring or advisory fees with respect to the investments of the Funds, except that it sometimes receives such fees or similar fees in transactions where other fund managers or third parties leading a transaction are charging such fees. Those fees are subject to

offset as described below. Generally, the terms of such fees are negotiated by the party leading the transaction and the agreements governing such fees have and are expected to contain typical terms for such fees, such as acceleration of monitoring fees upon an initial public offering or change of control. Insight personnel receive compensation from some portfolio companies for serving on the boards of directors of such companies, again, subject to offset as described below. Except with the consent of a Fund's limited partner advisory committee (each, an "Advisory Committee") in instances where a Fund's limited partnership agreement so permits, a Fund's allocable share of any advisory fees, directors compensation, break-up fees, topping fees or other similar fees received by the Fund's general partner, Insight, or their respective affiliates related to a portfolio investment or a proposed but unconsummated investment (less certain unreimbursed expenses) will generally be offset on a prospective basis against Management Fees or in some, but not all instances where Investors do not pay Management Fees, against partnership expenses as more specifically set forth in the limited partnership agreements governing each Fund. Such fees will be allocated by Insight in good faith among the Funds, including the Side-by-Side Funds, pro rata in proportion to their respective investments or proposed investments in the relevant portfolio investments or, with respect to proposed investments, to the extent permitted by the applicable limited partnership agreements, such other method as Insight determines is reasonable and fair. In certain Side-by-Side Funds, allocable amounts were not required to be offset against Management Fees or partnership expenses as described for other Funds above. Insight or its affiliates also receive fees from some portfolio companies for consulting services provided by the Insight Onsite group, an in-house consulting practice operated by Insight that provides services to portfolio companies. Historically, for the Funds organized prior to 2017, there was no reduction in the Management Fee or partnership expenses for fees paid by portfolio companies for the services of the Insight Onsite group in a given fiscal year unless those fees exceeded an aggregate dollar amount for all Insight Funds using Insight Onsite consulting services calculated according to the terms of the Funds' limited partnership agreements. Any such excess was then allocated among such Funds and offset. From January 1, 2018, consistent with its approach with respect to the Funds organized after 2017 or later, Insight has determined that with respect to all of its Funds, the portion of fees paid to Insight Onsite that is allocable to a relevant Fund will reduce the Management Fees or partnership expenses, as applicable, payable by such Fund. Insight Onsite is discussed more fully below in response to Item 8. In connection with the foregoing, to the extent that any offset of the aforementioned fees received by a Fund's general partner, Insight, or their respective affiliates related to a portfolio investment or a proposed but unconsummated investment (less certain unreimbursed expenses) would reduce the applicable Fund's Management Fees for a given period below zero, a credit will be carried forward for future application against payable Management Fees and if a credit remains upon dissolution of a Fund, such Fund's limited partnership agreement may provide that such excess will be allocated to the Investors who elect to receive it or, with respect to older Funds, Insight may be permitted to keep such excess. The Fund limited partnership agreements prior to the 2014 vintage flagship Fund also permit employees of Insight that have been operating executives in industries in which the Funds invest to receive compensation from portfolio companies for consulting services or other assistance, including acting as an executive officer, without requiring such compensation to be offset against Management Fees. Management Fees will be further reduced by any placement fees paid by a Fund and by other organizational expenses in excess of any cap set in a particular Fund's limited partnership agreement.

## **Carried Interest**

The performance based compensation paid by a Fund (the “Carried Interest”) generally is paid to an affiliate of Insight in its capacity as a general partner of the Fund (“General Partner”) when distributions are made to the Investors and is based on a “Carried Interest Percentage.” The Carried Interest Percentage and the timing of its distribution may vary from Fund to Fund. The Carried Interest Percentage charged to a Fund is detailed in such Fund’s limited partnership agreement. Most typically, the Carried Interest Percentage of a Fund equals 20% of a Fund’s return on invested capital, but is subject to certain conditions and may be greater or less than 20% (or other specified Carried Interest Percentage for such Fund). In a Coinvestment Fund, different groups of Investors may bear different Carried Interest Percentages. Each Fund’s limited partnership agreement typically contains one or more “clawback” provisions providing Investors the opportunity to recoup from the Fund’s General Partner distributions which exceed the Carried Interest Percentage. The mechanics of the clawback may vary from Fund to Fund and are more fully described in each Fund’s limited partnership agreement. In addition, Insight may waive or reduce Carried Interest with respect to certain Investors within a Fund. Insight generally waives the Carried Interest for Investors who are employees or former employees of Insight and waives or reduces Carried Interest for certain Investors, including those who are otherwise related to Insight or its personnel, in the Side-by-Side Funds including when they invest in Coinvestment Funds.

The limited partnership agreements of the Funds currently actively investing generally prohibit Insight from receiving management fees, carried interest or other compensation in connection with providing co-investment opportunities other than through Coinvestment Funds or with the consent of the applicable Fund’s Advisory Committee unless, if permitted under the limited partnership agreement of the Fund, such economic interest is required for tax or other technical reasons and any profit, gains or fees are offset against the relevant Fund’s Management Fees. Insight has established four co-investment vehicles that charge a small carried interest for this purpose and may establish more. Please see the response to Item 10 below for additional information regarding co- investments.

## **Terminating the Investment Management Agreement**

A Fund’s investment management agreement with Insight continues until the dissolution of the Fund, but either the Fund’s General Partner on behalf of the Fund or Insight may in its discretion terminate the agreement as of the last day of any month by giving notice to the other party of its election to do so on or before the first day of the month as of which it is to be terminated. Furthermore, the investment management agreement will terminate automatically without notice if Insight ceases to be an affiliate of the Fund’s General Partner. Management Fees are pro rated for partial periods and it is Insight’s policy to rebate the fee on a pro rata basis if the investment management agreement is terminated.

## **Other Fees and Expenses**

In addition to Management Fees and Carried Interest, Funds pay, and ultimately Investors bear, other types of fees and expenses as specified in the applicable limited partnership agreement. A

Fund is typically responsible for the costs and expenses in connection with its operation and investments (other than the costs and expenses that will be the responsibility of Insight, which typically include salaries and benefits of its personnel and the cost of maintaining Insight's place of business). The actual allocation of expenses varies from Fund to Fund as specified in each Fund's limited partnership agreement. Expenses payable, or otherwise borne by the Funds are set forth in detail in each Fund's limited partnership agreement, but will typically include (but are not limited to):

(1) out-of-pocket expenses incurred in the actual or potential acquisition or disposition of any investment or the restructuring of any investment whether or not consummated, including without limitation, accounting fees, due diligence expenses, legal fees, brokerage commissions and fees, reverse breakup, termination and other similar fees, and other investment costs incurred by or on behalf of the Fund, regulatory filings with respect to investments or potential investments, in each case to the extent not paid for by the issuer of such securities;

(2) out-of-pocket expenses incurred in connection with holding the investments of a Fund, including, without limitation, legal, insurance, accounting, custodial and safekeeping, depository, and auditing expenses, including, without limitation, the expenses of third-party administrators and accountants for non-U.S. transaction structuring entities;

(3) legal, custodial, accounting, auditing, tax advisory, banking, professional and appraisal expenses of a Fund including, without limitation, the preparation of a Fund's financial statements, tax returns and Schedule K-1s, other out of pocket expenses for purposes of tax or regulatory compliance, and any expenses in connection with any borrowing of, or guarantee or other credit support provided by, a Fund (including principal, interest, fees and indemnities);

(4) organizational expenses (subject to applicable caps);

(5) Management Fees;

(6) taxes and other governmental charges, fees and duties payable by the Fund and expenses of tax audits;

(7) reimbursement of the expenses of the Advisory Committee and meetings of the Investors;

(8) costs and expenses incurred in the formation, operation, liquidation and winding up of any alternative investment vehicle;

(9) litigation-related expenses (including judgments, damages and settlements), indemnification and/or reimbursement obligations and expenses, and premiums for insurance protecting a Fund, and Insight and its affiliates and personnel, from liabilities in connection with Fund affairs;

(10) extraordinary expenses under generally accepted accounting principles and indemnification or Insight and others pursuant to the limited partnership agreement; and

(11) costs and expenses of winding up and liquidating a Fund.

In older Funds, the limited partnership agreements generally permitted travel and related expenses of the professional and other employees of Insight in connection with a Fund to be borne by the Fund, including through reimbursement by portfolio companies, but starting from the 2014 vintage flagship Fund Insight agreed that it will bear the travel and entertainment expenses of such Insight personnel, subject, in certain circumstances, to reimbursement by portfolio companies, and Insight has adopted the same approach for prior Funds, effective in 2016. The Continuation Fund bore certain expenses unique to the establishment of the Continuation Fund.

With respect to certain operating expenses that are common among the Funds, such as insurance premiums or annual meeting expenses, such expenses are allocated by Insight among Funds as provided in the limited partnership agreements of the respective Funds or, if not so provided, on a case-by-case basis pursuant to a method that Insight believes to be fair and equitable to the Funds, such that no Fund is consistently advantaged over any other Fund or disadvantaged over time in relation to any other Fund or Insight. An operating expense or cost incurred on behalf of more than one Fund will generally be allocated pro rata among the Funds on the basis of (i) the amount of each Fund's applicable investment that relates to the cost or expense (ii) the amount of each Fund's current net assets or (iii) the amount of each Fund's capital commitments. If deemed appropriate under the circumstances, costs or expenses incurred by more than one Fund may be allocated in any other manner that Insight determines to be fair and reasonable. Insight or its affiliates will typically pay expenses attributable to one or more Funds and thereafter receive a reimbursement from the applicable Fund or Funds without interest. With respect to investments involving more than one Fund, each Fund is required to bear its proportionate share, based on the relative amounts invested, of transaction expenses except as otherwise provided in the applicable limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by Insight in good faith pro rata among the Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the General Partner determines is reasonable and fair.

From time to time Insight engages third party consultants to assist in special projects, to help source deals in specific sectors or regions and/or to assist with certain prospective or existing portfolio companies. Generally, monthly or retainer fees payable to these consultants are charged to Insight. However, when these consultants work on specific deals and receive transaction-related fees or on projects with respect to specific portfolio companies, including with respect to environmental, social and corporate governance matters, the fees are borne by the applicable Fund or the applicable portfolio company. These third party consultants are not employees of Insight or partners or owners of any of its affiliates, although employees of portfolio companies may act as consultants. The fees paid to these consultants by a Fund or its portfolio companies do not reduce the Management Fees payable by such Fund to Insight.

Funds incur brokerage and other transaction costs. Brokerage is described in more detail below in response to Item 12.

Through the interests in portfolio companies held by a Fund, the Fund (and its Investors) bear the costs of service providers to, and transaction expenses of, such portfolio companies (including the

expenses enumerated above that may be paid by portfolio companies and potential portfolio companies) to the extent of the Fund's ownership interest in the company. In some investments, particularly when the Fund is a minority investor, Insight may have little or no control over these costs and expenses. In other investments, particularly when Funds have a controlling interest, Insight may be in a position to suggest or recommend service providers or portfolio companies may retain service providers as a result of their experience in transactions or otherwise through their relationship with Insight. Fees paid to such service providers by portfolio companies and costs of such transactions paid by portfolio companies are borne by the Funds through their interests in the portfolio companies and are not offset against Management Fees.

For information regarding conflicts of interest in the allocation of expenses, the activities of Insight Onsite, the retention of service providers and Insight's business relationships please see the responses to Items 10 and 11 below.

**Allocation of Investment Expenses in Co-investments, including Broken Deal Expenses:**

Under the applicable Fund's limited partnership agreement, a Fund is generally responsible for the costs and expenses incurred in connection with portfolio investments, including the out-of-pocket expenses incurred in the actual or potential acquisition, restructuring or disposition of any investment, whether or not consummated, and the out-of-pocket expenses incurred in connection with holding the investments of the Fund, to the extent not paid for by the applicable portfolio company or potential portfolio company. To the extent paid for by portfolio companies, a Fund (and its Investors) bear the expense indirectly to the extent of the Fund's interest in the portfolio company. With respect to consummated investments, such expenses, when material, are generally capitalized into the cost of the investment. Where a co-investment is made by more than one Fund, each such Fund is required to bear its proportionate share, based on the relative amounts invested, of such transaction and monitoring expenses except as otherwise provided in the applicable Fund's limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by the applicable General Partner in good faith, pro rata, among the participating Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the applicable General Partner determines is reasonable and fair. The intended allocation may not be possible to determine with any certainty given the many variables that go into determining equity contributions in a transaction. Moreover, Insight will look at many more investments as potential investments for a Fund than a Fund will actually make, and, even though expenses may have been incurred by a Fund or by Insight on behalf of a Fund with respect to such potential investments, a decision may subsequently be made not to proceed with the transaction, or circumstances may arise preventing the consummation of the transaction or making it inadvisable, before the stage where any decision about co-investments with other Funds (or with third parties) has been made, in which case the expenses will generally be borne by the Fund for which Insight initially evaluated the transaction.

With respect to third-party co-investors, including Investors through limited partnerships, limited liability companies or similar vehicles or arrangements to accommodate such co-investments, to the extent that transaction and monitoring expenses are paid or reimbursed by the portfolio company in completed transactions, such third-party co-investors will bear their proportionate share of such expenses as a result of their interest in the portfolio company. Such transaction and



monitoring expense are not always paid or reimbursed by the portfolio company and sometimes costs and liabilities, such as borrowing or guarantees, may be incurred in Fund investment structures in which only the Funds participate or directly by the Funds and not other investors in the portfolio company. As noted below in the response to Item 10, third party co-investors are not obligated to co-invest and their co-investments are based on arms' length negotiations between Insight and the third-party co-investors. Typically, co-investments by third-party co-investors are limited to the capital invested in the applicable portfolio company and do not bear the expenses associated with developing and consummating the investment opportunity or post-closing monitoring expenses, except to the extent borne or reimbursed by the portfolio company or otherwise specifically agreed with the co-investor. Third-party co-investors often commit to the transaction late in the process of identifying and negotiating an investment, or after closing in the case of transactions that are syndicated after the initial investment by a Fund. Often third-party co-investors are unable or unwilling to bear the expenses incurred with respect to a transaction that is not, in the end, consummated, and as a result the full amount of any broken deal expenses will be borne by the applicable Funds. Insight has formed four co-investment vehicles for Investors: (a) a first co-investment vehicle was formed for one Investor to co-invest alongside the 2014 vintage flagship Fund and the 2017 vintage flagship Fund in investment opportunities that General Partner in its sole discretion determines to offer to such Investor and that will generally bear its pro rata portion of transaction and monitoring expenses of investments in which it participates, but not the expenses of any proposed co-investment that is not consummated; (b) a second and third co-investment vehicles were formed for a different Investor to co-invest in certain control transactions (x) with respect to the first co-investment vehicle, alongside the 2017 vintage flagship Fund in a specified amount, not to exceed the Investor's aggregate commitment to this co-investment vehicle, where a co-investment opportunity with respect to such transactions is made available to Investors, and (y) with respect to the second co-investment vehicle, alongside the 2017 vintage flagship Fund, the 2019 vintage flagship Fund and potentially any future fund up to a specific amount, not to exceed the Investor's aggregate commitment to this third co-investment vehicle, where the General Partner in its sole discretion determines to offer a co-investment opportunity to the co-investment vehicle, and (c) a fourth co-investment vehicle was formed for a group of affiliated Investors to co-invest in certain transactions alongside the 2019 vintage flagship Fund ((b) through (d) collectively, the "Current Fund Co-Invest Vehicles"). Current Fund Co-Invest Vehicles will generally bear their pro rata portion of transaction and monitoring expenses of investments in which they participate, including their pro rata share of the expenses of any proposed co-investment that is not consummated. Please see the response to Item 10 below for additional information regarding third-party co-investors.

Investors should carefully consult the limited partnership agreement of the relevant Fund to determine the expenses borne by and the offsets to Management Fees and other expenses for the particular Fund.

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

Insight accepts performance-based fees, as further described above in response to Item 5. Insight manages certain client accounts that are not charged a performance fee. Separately, Coinvestment Funds may charge lower Carried Interest and Management Fees than the Funds with which they co-invest and in the 2015 vintage Coinvestment Fund, which participates only in control-type transactions, the General Partner has discretion in determining what falls within the category of a

control transaction. The Continuation Fund charges lower Carried Interest (and does not charge Management Fees) than the Funds from which the Continuation Fund acquired its portfolio investments. The existence of the Carried Interest may create an incentive for a General Partner to allocate attractive investments to a Fund that charges a higher level of Carried Interest than another Fund. Carried Interest may also create an incentive for a General Partner to make more speculative investments on behalf of a Fund that it would otherwise make in the absence of such performance-based compensation. The allocation methodology between Funds and their Coinvestment Funds can generally be changed with the consents of the Advisory Committees of the relevant Funds. Insight has established procedures to address potential conflicts in the allocation of investments among Funds and between a Fund and its Coinvestment Fund and to comply with the requirements of the applicable Fund limited partnership agreements.

## **Item 7      Types of Clients**

Insight generally limits its clients to Funds, which are pooled investment vehicles with a limited term of years. The Funds are not required to be registered with the SEC under the Investment Company Act of 1940 in reliance on exceptions from the definition of an investment company under that Act, and the offering of interests in the Funds is exempt from registration under the Securities Act of 1933. Each Fund consists of a limited number of limited partnerships, which may be organized within or outside the United States and that generally will invest side-by-side in all portfolio investments on the basis of available capital. Insight also advises Coinvestment Funds, which are formed to co-invest alongside a Fund (or a Fund and its successor Fund) in certain instances whether for investments of a certain size or for certain types of investments, depending on the Fund in accordance with the limited partnership agreements of such Fund and the Coinvestment Fund, in which the amount of financing required for a particular transaction exceeds the size of the investment deemed appropriate for the Fund by its General Partner or a threshold and/or percentage agreed in the applicable limited partnership agreement, as well as the Continuation Fund. Interests in Funds, Coinvestment Funds, and the Continuation Fund are subject to restrictions on transferability and resale. Where the context requires, we may refer to any of the limited partnerships in a Fund and any Coinvestment Fund or the Continuation Fund as a Fund.

Most of the capital invested in the Funds is attributable to U.S. and non-U.S. institutional Investors, including public and private pension plans, funds of funds, sovereign wealth funds, insurance companies, family offices, endowments and charitable foundations. Insight and its personnel who are “qualified purchasers” or “knowledgeable employees” for purposes of the Investment Company Act of 1940 invest in the Funds (and indirectly in the Funds’ portfolio companies) through dedicated feeders into the Funds (or in older Funds through partnerships formed to invest in parallel with a specific Fund). In addition, Funds (other than Coinvestment Funds) generally include a partnership primarily for Investors who are Insight employees not eligible to invest in the other partnerships in a Fund, family members of Insight principals and employees, service providers to Insight and the Funds, including partners of counsel to Insight, current and former portfolio company executives and other individuals who have a business or personal relationship with Insight and/or its personnel (each, a “Side-by-Side Fund”). The Side-by-Side Funds participate pro rata in investments alongside the Funds with respect to which they were formed.

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

### **Investment Program**

Insight primarily focuses on investments in growth-stage software, software-enabled services and Internet businesses. Insight believes that growth-stage companies are companies that have significant opportunities to expand, either organically or through acquisition, and have potential for growth in either revenue, operating profits or frequently, both. Insight seeks to operate as management's primary financial/strategic partner and is a flexible source of capital for these companies. Insight has the ability to execute both minority and majority investments.

Insight invests in companies that apply technology to solve business and consumer problems, typically through software. Insight also makes investments in companies in sectors outside of its primary focus for which the Internet is an important part of the business model.

Certain Funds managed by Insight have additional investment flexibility as described in the limited partnership agreement for the particular Fund.

Funds may co-invest with third parties through partnerships, joint ventures, or other entities. Insight makes selective use of third party debt to finance investments in profitable companies with predictable, recurring revenues. Insight may invest in companies both within and outside of the U.S. Fund investments are typically in securities that are not publicly traded, that are subject to legal or other restrictions on transfer and that are highly illiquid. Although these investments may occasionally generate some current income or may pay an extraordinary dividend through dividend recapitalization, the return of capital and the realization of gain, if any, from an investment will occur generally only upon the partial or complete disposition of such investment. Investments may require a substantial amount of time to liquidate.

Insight's deal origination team identifies and maintains contact with thousands of potential portfolio companies to identify companies that meet a Fund's investment criteria. Complementing this effort, Insight has over time developed extensive relationships with entrepreneurs, other venture capital and private equity firms, and investment banks, which collectively generate a significant amount of deal flow. In addition, due diligence is an integral part of Insight's investment process, and provides a foundation for Insight's engagement with portfolio companies post-investment. The due diligence process helps to identify critical transactional issues, assess a potential portfolio company's strengths, weaknesses, and opportunities, and develop a view on its value and a Fund's prospective return. The Insight Onsite team plays a significant role in the diligence process – both to support Insight's investment decision and as a prelude to working with portfolio companies on their critical challenges post-investment.

All transactions are coordinated by a dedicated deal team, generally led by at least one of Insight's Managing Directors. A typical deal team is composed to five to six professionals. The professionals are a Managing Director, and a Principal or Vice President, two Investment Associates or Analysts and one to two Insight Onsite professionals. The team engages on all aspects of the deal including meeting with management, managing external resources, conducting data analytics and model building, reading secondary research and performing primary research. The deal team reports to Insight's "Investment Committee," which is comprised of Jeffrey Horing

(the Chair of the Investment Committee), Deven Parekh, Jeffrey Lieberman, Michael Triplett, Ryan Hinkle, Richard Wells and Ian Sandler. The Investment Committee, after consultation with other Insight Managing Directors, senior members of the deal team, Insight's General Counsel and Insight's Chief Financial Officer, is primarily responsible for making investment decisions for Insight. In addition, approval from a Funding Committee that is comprised of Jeffrey Horing, Deven Parekh, Ian Sandler and Blair Flicker, each of whom is an Insight Managing Director, is required for each investment in and divestiture or sale of a portfolio company. The Funding Committee provides an additional internal control with respect to the execution and funding of each investment.

Insight or its affiliates may in the future form additional Funds with primary objectives and policies that are not substantially the same as those of the existing Funds.

### **Insight Onsite**

As part of its investment strategy, Insight operates "Insight Onsite," an in-house operational value-add practice that provides services to the Funds' portfolio companies. Insight devotes significant internal resources to improving the strategy and execution of the portfolio companies. The Insight Onsite team is comprised of approximately 49<sup>1</sup> professionals with expertise in strategy consulting, technology and operations. The Insight Onsite group is structured similarly to a software company through distinct areas of expertise, "Centers of Excellence", which are comprised of individuals with industry experience and expertise in the following areas: talent, (HR), product and technology (R&D), marketing, sales, business development, customer success and strategy and M&A. The Insight Onsite team typically is involved with Insight's decision to invest in a particular portfolio company. For example, the Insight Onsite team plays a significant role in the diligence process.

Insight Onsite often charges portfolio companies fees for its consulting services, although it may provide consulting services without charging a fee to portfolio companies that are unable to pay for Insight Onsite's services or for other reasons. Insight Onsite waives its fees in such cases because Insight believes that Insight Onsite can add significant value to those portfolio companies and thus to the investing Funds. The amounts of the fees charged to portfolio companies are determined by Insight and not through arms' length negotiations. Insight uses fees paid by portfolio companies for the services provided by Insight Onsite to recover the costs of compensation and operating expenses for Insight Onsite with respect to work associated with such portfolio companies. Historically, the fees charged by Insight Onsite to portfolio companies in each fiscal year were subject to an aggregate cap for all of the Funds using Insight Onsite services (the "Onsite Fee Cap") that was adjusted each year in accordance with the Consumer Price Index for All Urban Consumers, New York-Northern New Jersey. Where portfolio companies of all such Funds in the aggregate paid fees in excess of the Onsite Fee Cap, the excess would have reduced the Management Fees or, in some instances when Management Fees were not paid, partnership expenses paid by the applicable Funds. From January 1, 2018, consistent with its approach with respect to the 2017 and 2019 vintage flagship Funds, Insight has determined that with respect to all of its Funds, the portion of fees paid to Insight Onsite that is allocable to a

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<sup>1</sup> As of January 1, 2020.

relevant Fund will reduce the Management Fees or partnership expenses, as applicable, payable by such Fund.

Insight Onsite has established joint procurement programs for portfolio companies, which it may in future expand. By pooling the buying power of multiple companies, joint procurement programs permit the companies to obtain volume discounts. Insight does not currently expect to charge any service fees for organizing joint procurement arrangements, although vendors may charge fees for their programs, which will be passed along to the participating portfolio companies.

Insight Onsite also plans and organizes Insight Innovation Summits, which are intended to give portfolio companies that participate the opportunity to meet and present to potential customers, represented by the Chief Information Officers and other executives of such potential customers. Summits have been held at venues such as the Kentucky Derby, Monaco and Citi Field (in New York City). Portfolio companies will have the opportunity to participate along with Insight as sponsors of the event for which they will commit to fund a portion of the costs at a rate of from \$25,000 to \$100,000 depending on the number of summits they participate in. Insight expects that the portfolio company contributions will not cover the cost of the summits and has committed to contribute additional amounts to defray the expenses. Insight has hired a third-party consultant to, among other responsibilities related to sales pipelines, organize the summits. The consultant will be paid by Insight. The Insight Innovation Summits are not intended to provide consulting services, but to organize opportunities for portfolio companies of the Funds to develop new customer contacts. No fees will be paid by portfolio companies to Insight in connection with the Insight Innovation Summits.

## **Material Risks of Investment Strategy**

### **General Investment Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. All investments made by Insight on behalf of the Funds risk the loss of capital. No guarantee or representation can be made that a Fund will achieve its investment objective or avoid substantial losses, including the potential to lose all invested capital. There can be no assurance that Insight will be able to choose, make and realize investments on behalf of a Fund in any particular company or portfolio of companies or that a Fund will be able to generate positive returns or that any positive returns will be commensurate with the risks of investing in the type of companies and transactions described above.

### **Investment Strategy Risks**

*General Business and Market Risk:* Investments in portfolio companies subject the Funds to the general risks associated with the underlying businesses, including but not limited to market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. Since the financial crisis of 2007-2008, global markets have been subject to a number of sources of volatility, including declines in the prices of oil and other commodities, concerns about the direction of the Chinese economy, potential instability in the European Union (“EU”), and an unprecedented period of low interest rates. There are other

sources of volatility that may continue to impact markets that affect a Fund's business. General fluctuations in the market prices of securities and interest rates may adversely affect the value of the investments held by a Fund. Volatility and instability in the securities markets may also increase the risks inherent in a Fund's investments. The Funds and their portfolio companies have used and are expected to continue to use debt to finance acquisitions, and add-on acquisitions are an important component of Insight's strategy. The ability to refinance the debt of portfolio companies may depend on their ability to obtain financing, including by selling new securities in the high yield debt or bank financing markets. While it is difficult to predict with certainty the impact of a rise in interest rates by central bankers, a Fund's ability to generate attractive investment returns for its Investors may be adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. Moreover, a renewed downturn in the U.S. or global economy (or any particular segment thereof), including a weakening of demand for software and related services, or weakening of credit markets could adversely affect a Fund's profitability, impede the ability of a Fund's portfolio companies to perform under or refinance their existing obligations, and impair a Fund's ability to effectively exit investments on favorable terms, including the availability of financing to potential purchasers of its investments. While the risk of substantial or total loss to a Fund exists with respect to all of a Fund's investments, the occurrence of the foregoing events could make losses more likely.

*Lack of Investment History:* When interests in a Fund are initially offered to prospective investors, such Fund consists of newly organized entities that have no prior operating history or track record and accordingly, does not have performance history for a prospective investor to consider. Prior performance information of other Funds provided to prospective investors considering an investment in a new Fund will not necessarily be indicative of such new Fund's future results and there can be no assurance that the risk/return profile of an investment in such new Fund will resemble that of the prior Funds.

*Risks of Growth Equity Investing:* While growth equity investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total losses. Among these risks are the general risks associated with investing in companies at an early or growth-stage of development or with little or no operating history, companies with substantial variations in operating results from period to period, companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position and companies dependent on new or developing technology. A portfolio company's ability to succeed will be dependent not only upon its ability to develop the right products for the right market, but to constantly evolve its business to be sure that its products keep pace with changing technologies and markets. Such a portfolio company will need to implement appropriate sales and marketing, finance, personnel and other operational strategies in order to continue to grow its business. Furthermore, companies at an early or growth-stage of development may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. A Fund will make investments in portfolio companies which may rely upon rapidly changing technologies. Therefore, technological obsolescence and other technology risks may adversely impact the performance of these portfolio companies. In all such cases, a Fund will be subject to the risks associated with the underlying businesses engaged in by portfolio companies and of their customers.

*Technology and Software Sector Risk:* A Fund's portfolio companies will be concentrated in software, software-enabled services and Internet companies. While this industry has grown rapidly as both business and consumers increasingly rely on software and the Internet to operate their businesses or go about their lives, an industry-focused fund may involve risks greater than those of more diversified investments. Adverse economic conditions in the United States and other countries could have a material adverse effect on consumer and business spending in the information technology sector, which could limit or cause a substantial reduction in the revenues, profitability and/or continued viability of the portfolio companies in which a Fund invests. The information technology sector (including software, software-enabled services and Internet companies) could be adversely affected by overall economic conditions, short product cycles, rapid obsolescence of products, competition, and government regulation. Further, the success of a Fund's portfolio companies may depend on the development and marketing of new technologies that at any time may be rendered unattractive or obsolete by technological advances, new social trends and/or communication methods as seen in the emergence of social networking tools and platforms. A Fund's portfolio is expected to include companies that serve niches in the software businesses – current portfolio companies include, for example, businesses that specialize in providing products to assist financial institutions with compliance or that provide software solutions for supply chain management. Changes in those industries may impact, positively or negatively, the attractiveness of the portfolio company's products. There can be no assurance that any portfolio company will continue or improve its historical or expected levels and direction of growth, revenues or profitability even if general economic conditions in the United States and/or other countries improves or if economic conditions in the information technology sector improve. Further, there is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. A Fund may include Internet companies that provide goods or services that compete either directly or indirectly (e.g. through the "sharing" economy) with existing non-Internet based providers which, in some cases, are subject to regulations that the Internet companies are not. In some instances in the industry, laws or regulations have been adopted in jurisdictions where Internet based companies operate that impose regulations on the companies that may pose material challenges to the company's business model. There can be no assurance that laws or regulations will not be passed that will have an adverse effect on a Fund's portfolio companies.

*Reliance on the Internet; Cyber Security Risk:* It is expected that a Fund's portfolio companies will provide products and services that are dependent on the Internet. Many of these companies will both market and provide their services by means of the Internet. Recent notable hacking actually has included an attack on Dyn, an Internet infrastructure company. Disruptions to the Internet could have an adverse effect on the business of a portfolio company if customers are unable to access the company's website or services. In addition to disruptions to the Internet, the information and technology systems that portfolio companies and Insight use or rely on 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 these systems are compromised, become inoperable for extended periods of time or cease to function properly, portfolio companies may incur specific time or expense to fix or replace them and to seek to remedy the effects of such

issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data of the portfolio companies or Insight, including personal or proprietary information, and, with respect to Insight, information regarding Investors. Such a failure could harm such entity's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

Changes in laws and regulations related to the Internet or changes in the infrastructure of the Internet itself could also affect a Fund's portfolio companies. U.S. federal, U.S. state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting the use of the Internet as a commercial medium. Such regulation may adversely impact portfolio companies' businesses and business models. Also, domestic and foreign government agencies and private organizations may begin to impose taxes, fees or other charges for accessing the Internet or for the commerce conducted and services provided via the Internet.

The portfolio companies and/or their customers and Insight are, or may become, subject to U.S. and non-U.S. consumer identity and data protection laws. Laws or regulations in one country may be inconsistent with, or contrary to, those of another country. Foreign data privacy regulations, such as the EU Data Protection Directive (Directive 95/46/EC), and the country-specific regulations that implement Directive 95/46/EC, govern the processing of personally identifiable data and may be stricter than U.S. laws. New laws, regulations or industry standards may be adopted. The failure of portfolio companies and their customers to comply with such laws and regulations could negatively impact a Fund and/or the portfolio companies. Costs for cyber-security breaches, may include, among other things, increased protection costs, reputational damage and loss of market share, liability for stolen assets or information and repairing system damage that may have been caused. Remediation costs may also include incentives offered to portfolio company customers or other business partners in an effort to maintain the business relationships after a security breach.

*Reliance on Portfolio Company Management:* With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. While in all cases a Fund's General Partner will monitor portfolio company management, management of each portfolio company will have day-to-day responsibility of such portfolio company.

*Illiquid Investments:* The Funds invest in assets that are subject to legal or other restrictions on transfer and which are illiquid. A Fund may not be able to sell the assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

*Portfolio Company Leverage:* A Fund may make investments, either through leveraged buyouts or otherwise, in portfolio companies that have a leveraged capital structure. To the extent that any investment is made in a company with a leveraged capital structure, such investment may be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of such company or its industry. In the event that such a company is unable to generate sufficient cash flow to timely meet principal



and interest payments on its indebtedness, the value of a Fund's investment in such portfolio company could be significantly reduced or even eliminated. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to such assets in an insolvency event or proceeding. The use of leverage will result in costs to a Fund that may not be covered by distributions made to a Fund or appreciation of its investments.

*Risks in Effecting Operating Improvements:* The success of a Fund's investment strategy will depend, in part, on the ability of the Fund or the management of a portfolio company to implement improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such improvements.

*Risks Relating to Due Diligence of Portfolio Companies:* Before making investments, a General Partner and/or Insight will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, regulatory and legal issues. The Insight Onsite team plays a significant role in the diligence process – both to support Insight's investment decision and as a prelude to working with portfolio companies on their critical challenges post-investment. Outside consultants, legal advisors, accountants, investment banks and other third parties may also be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisors or consultants may present a number of risks primarily relating to a General Partner's reduced control of the functions that are outsourced. In addition, if a General Partner and/or Insight are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, a General Partner and/or Insight will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that a General Partner and/or Insight carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. Conduct occurring at portfolio companies, even activities that occurred prior to a Fund's investment therein, could have an adverse impact on a Fund.

*Operating Partners:* Insight generally does not use rotating operating executives in the management of portfolio companies. Insight generally seeks for its portfolio companies to hire senior employees to manage the company. However, Insight Onsite seeks to enable Insight to add value to a portfolio company in a similar way to a strategic investor and operational expertise is an important part of this strategy. Insight has recently significantly enhanced its Insight Onsite business development practice. Part of that enhancement was for Insight to hire several former operational executives as part of the Insight Onsite team and Insight expects to continue to hire such executives. These executives hold the title of Operating Partner at Insight Onsite. These Operating Partners are generally employees of Insight. They are compensated by Insight, which may charge fees to portfolio companies for their services through an Insight Onsite engagement (the treatment of Insight Onsite fees is described under "Insight Onsite" in Item 8 above). While

Insight believes that its Operating Partners provide value to portfolio companies, there can be no assurance that they will be able to accomplish the operational improvements that Insight intends.

*Uncertainty of Financial Projections:* The Funds generally use financial projections to help analyze potential investments and may use such projections to help analyze future capital raises and financing for portfolio companies or other transactions. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse effect on the reliability of such financial projections.

*Control Positions and Non-Controlling Interests:* A Fund may assume control positions in certain of its portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. A Fund may make minority or other equity investments in portfolio companies where there is the possibility that the portfolio companies may be controlled by persons who have economic or business interests or goals that are inconsistent with those of a Fund or may be in a position to take action contrary to a Fund's business interests. Where a Fund holds a non-controlling interest in a portfolio company, it may have a limited ability to limit or otherwise protect its position in such company.

*Competitive Market:* The market for investment opportunities similar to those that the Funds are focused on is competitive and involves a high degree of uncertainty. There can be no assurance that Insight's management will succeed in consistently identifying and securing investments on attractive terms. Furthermore, an ever-increasing number of funds with similar investment objectives as the Funds have been formed (and many existing funds with similar investment objectives as the Funds have grown in size) to invest in the software, software-enabled services and the Internet industries. Additional funds with similar investment objectives and/or sourcing methodologies may be formed in the future by other unrelated parties. As a result, there can be no assurance that a Fund will be able to participate and make portfolio investments that satisfy the Fund's return objectives or realize Insight's view of their potential values or that the Fund will be able to become fully invested for a significant period of time, if at all. There can be no assurance that such opportunities will continue to be available or that a Fund will be able to make any such investments.

*Intellectual Property Risks:* Many portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights, including source code. There can be no assurance that a Fund or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies. Unauthorized access or theft of source code and other proprietary information may make a portfolio company or its products and services more vulnerable to malicious attack. While piracy adversely affects portfolio company revenue, the impact on revenue from outside the U.S. is significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for

patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

*Third-party Infringement Claims:* A Fund's portfolio company may, from time to time, receive notices from others claiming such portfolio company has infringed their intellectual property rights. The number of these claims may grow because of constant technological change in the software industry, increased user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies may use "open source" software in their products, or may use such software in the future. Such open source software is licensed by its copyright holders under licenses, that in some cases may require disclosure of the company's code to third parties. Copyright owners or third parties may allege that a portfolio company has not complied with the conditions of one or more of these licenses. To resolve these and other intellectual property infringement claims, a Fund and/or portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers. These outcomes may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs can seek injunctive relief that may limit or prevent importing, marketing and selling products that have infringing technologies. In some countries, such as Germany, an injunction can be issued before the parties have fully litigated the validity of the underlying patents.

*Third Party Co-Investments:* A Fund may co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to a Fund's business interests.

*Risks of Syndication:* A Fund's investments will include investments in which a Fund's General Partner will seek co-investors. Co-investors will often participate in a Fund's investments when the Fund initially invests in a portfolio company. However, there may be circumstances, including due to the timing requirements of a transaction or the need for regulatory clearance for the co-investors, where co-investors will subsequently purchase their investments from a Fund. There can be no assurance that such syndications will take place in the amounts anticipated with the result that a Fund could hold a larger portion in a portfolio company than the General Partner had planned.

*Lack of Diversification:* A Fund may be permitted to invest up to a specified percentage of its aggregate capital commitments in the securities of one issuer at the time of investment. If a Fund is provided with only a limited number of investment opportunities or is provided with investment opportunities in companies that are similar to the other Fund investments, a Fund's portfolio may be highly concentrated. In addition, to the extent Insight concentrates a Fund's investments in a small number of issuers, issuers within particular segments of the software or Internet industries or within one geographical area or country (including in a country other than the United States), a Fund's portfolio may become even more concentrated, non-diversified and consequently more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting such issuers, industry segment and/or geographical region. Coinvestment Funds and the Continuation Fund are likely to be concentrated in fewer investments than other Funds.

*Insufficient Capital for Follow-On Investments:* Following its initial investment in a portfolio company, a Fund may have the opportunity to increase its investment in successful operations or may be asked to provide additional funds to such portfolio company. There is no assurance that a Fund will make follow-on investments in a particular portfolio company or that a Fund will have sufficient resources to, or be permitted to, make such investments. Any decision not to make follow-on investments, or a Fund's inability to make them, may have a substantial negative impact on a portfolio company in need of such an investment, may result in missed opportunities for a Fund, or may result in dilution of a Fund's investment as other investors provide the needed capital.

*Third Party Litigation:* Litigation can and does occur in the ordinary course of the management of an investment portfolio of securities. A Fund may be engaged in litigation both as a plaintiff and as a defendant. A Fund's investment activities subject it to relatively increased third-party litigation risk in those instances in which the Fund exercises control or significant influence over a portfolio investment, including as a result of board participation. Such litigation can arise as a result of acquisition or disposition transactions (whether consummated or not), portfolio company defaults, portfolio company bankruptcies and/or other reasons. In certain cases, such portfolio companies or their constituents or other third parties may bring claims and/or counterclaims against a Fund, a General Partner, Insight and/or their respective principals and affiliates alleging violations of securities laws and corporate, contractual and other typical claims and counterclaims seeking significant damages. To the extent that (i) a Fund has not been able to protect itself through insurance, indemnification or other rights against the portfolio companies, (ii) a Fund is not entitled to such protections, or (iii) the portfolio company is not solvent, the expense of defending against claims made against a Fund by third parties and paying any amounts pursuant to settlements or judgments would be borne by a Fund and reduce net assets. In connection with such actions, the Fund would be obligated to bear defense, settlement and other costs, and the General Partner, Insight and others would generally be entitled to indemnification by the Fund, subject to certain conditions. Such costs and indemnification could adversely affect the applicable Fund's rate of return.

*Board Participation:* It is expected that a Fund will be represented on the boards of directors of certain of its portfolio companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to a Fund's investment strategy and may enhance a General Partner's and Insight's ability to manage the investments, they may also have the effect of impairing a General Partner's ability to sell the related securities when, and upon the terms, it may otherwise desire and may subject the General Partner, Insight, 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, a Fund will indemnify the General Partner and Insight from such claims.

*Unfunded Pension Liabilities of 80%-Owned Portfolio Companies:* Recent court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, the fund (and any other 80%-owned portfolio companies of the fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Funds intend to manage their investments to minimize any such exposure, a Fund may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Fund (or other 80%-owned portfolio companies of a Fund)

were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Fund and the companies in which such Fund invests.

*Valuation:* For financial reporting purposes, investments are recorded at their estimated fair value, as determined in good faith by a General Partner. In the absence of special circumstances, all investments, other than restricted and privately held investments, are valued at market value. Generally, neither a Fund nor a General Partner will employ a third party valuation firm or pricing service in the valuation of investments for financial reporting purposes. Publicly traded securities are valued by a General Partner taking into consideration the market price per share as of the balance sheet date and the total number of shares held by a Fund. Restricted and privately held portfolio investments, which may not have readily ascertainable market values, are valued at fair value, which is the estimated amount that would be received in a sale of the portfolio investment in an orderly transaction between market participants at the measurement date. Generally, various valuation techniques and inputs are considered in valuing private portfolio investments. The fair values of private equity investments may be determined by reference to projected revenue, net earnings, EBITDA, the discounted cash flow method, public market or private transactions, valuations for comparable companies and other measures which, in many cases, are unaudited at the time received. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (e.g., multiplying a key performance metric of the investee company such as EBITDA by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted by a general partner for differences between the investment and the reference comparables, and in some instances by reference to option pricing models or other similar methods. Consideration is also given to exchange rate fluctuations for investments denominated in foreign currencies. However, due to the inherent uncertainty of valuation, a General Partner's determination of values may differ significantly from values that would have been realized had a ready market for the investments existed, and the differences could be material. The actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the returns indicated herein or at any point in time prior to realization.

*Bridge Financings:* From time to time, a Fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term securities. Such bridge loans will typically be convertible into a more permanent, long-term security. It is possible, however, for reasons not always in a Fund's control, that such equity or long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a Fund.

*Foreign Investments:* A Fund may be permitted to invest up to a specified percentage of its aggregate capital commitments in the securities of issuers located outside of the United States. Foreign securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (1) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which a Fund's foreign investments are denominated, and costs associated with conversion of investment principal and

income from one currency into another; (2) inflation matters, including rapid fluctuations in inflation rates; (3) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (4) economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability or armed conflict or the possibility of sanctions imposed by the United States or other jurisdictions and the possibility of expropriation or confiscatory taxation; and (5) the possible imposition of foreign taxes on income and gains recognized with respect to such securities.

*Brexit:* The United Kingdom (“UK”) left the European Union (“EU”) (a decision popularly known as “Brexit”) on January 31, 2020 subject to a transitional period ending December 31, 2020. During the transitional period although the UK will no longer be a member state of the EU it will remain subject to EU law and regulations as if it were still a member state. The UK and the EU are to negotiate the terms of their future trading relationship during the transitional period. Accordingly the terms of such trading relationship remain uncertain. The outcome of such negotiations may give rise to significant uncertainties and instability in the financial markets as the UK negotiates the terms of its future relationship with the EU.

It is difficult to predict the precise impact of Brexit on the Fund and its investments. Brexit could also lead to legal uncertainty and politically divergent national laws and regulations as a new relationship between the UK and EU is defined and the UK determines which EU laws to replace or replicate.

Areas where the uncertainty created by Brexit is relevant include, but are not limited to, the terms of which the UK may trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds, and the trading of certain financial instruments traded both on EU and non-EU markets), industrial policy pursued within European countries, immigration policy pursued within European countries, the regulation of the provision of financial services within and to persons in Europe and trade policy within European countries and internationally.

The Fund may invest in the UK and in the EU. In light of the aforementioned risks, the volatility and uncertainty caused by the political ramifications of Brexit may adversely affect the value of the Fund’s investments.

*Investments in Emerging Markets:* A Fund’s non-U.S. investments are not limited to developed markets but may also be made in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other, more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war or terrorism; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of

invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of a Fund's investments with non-U.S. custodians.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Fund or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Protections for intellectual property may be limited. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. A Fund may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

*Risk of Early-Stage/Start-up Investments:* While the Funds are focused primarily on growth-stage companies and may also invest in more mature companies, one or more Funds may have exposure to new and emerging early-stage/start-up investments (collectively, "early-stage investments"). While such investments offer the opportunity for significant gains, they also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing in companies at an early stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel. Even more than growth-stage companies, early-stage investments need to implement appropriate sales and marketing, finance, personnel and other operational strategies to take the business to the next stage.

*Financial and Other Fraud:* Instances of fraud and other deceptive practices committed by senior management of certain companies in which a Fund may invest may undermine the ability of Insight to conduct effective due diligence on, or successfully exit such companies. In addition, financial fraud may contribute to overall market volatility, which can negatively impact a Fund's investment program.

*Enhanced scrutiny and regulation of private investment funds:* A Fund's ability to achieve its investment objectives, as well as the ability of a Fund to conduct its operations, is based on laws and regulations that are subject to change through legislative, judicial or administrative action. In the aftermath of the global financial crisis in 2008, for example, regulators in numerous jurisdictions adopted regulatory reforms with respect to their financial systems and securities markets. One such reform, the Dodd-Frank Act, which was enacted in 2010, significantly revised and expanded the rulemaking, supervisory and enforcement authority of the Federal Reserve, the SEC and other regulators. The Dodd-Frank Act also established a general framework for systemic regulation that continues to be developed and enacted over time and may be the subject of significant modification or repeal under the current administration. Additional changes in the regulation of private investment funds may adversely affect the value of investments held by a Fund and the ability of a Fund to effectively employ its investment strategies and achieve its investment objectives. Many of the regulators to which the Funds, Insight or their respective affiliates are expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against a Fund, Insight or their respective affiliates was small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of any such sanction could harm the Funds, the Insight or their respective affiliates' reputations which may adversely affect a Fund's investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment. There is also a material risk that regulatory agencies in the U.S. and beyond will continue to adopt burdensome new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations, as the U.S. and global economies continue to struggle to improve. Any such events or changes could occur during a Fund's term and may adversely affect a Fund and its ability to operate and/or pursue its investment strategies. In addition, as a result of highly publicized financial scandals, and the public perception that certain alternative asset managers (including private equity firms) contributed to the global financial crisis in 2008, investors have exhibited concerns over the integrity of the U.S. financial markets. There has been an active debate both nationally and internationally over the appropriate extent of regulation and oversight of private investment funds and their managers. As alternative asset managers become more influential participants in the U.S. and global financial markets, and the economy generally, the private funds industry has been subject to criticism by some politicians, regulators and market commentators, which could pressure lawmakers in the U.S. and internationally to impose stricter rules and regulations on private investment funds and sponsors, including Insight and the Funds. This enhanced oversight and regulation, and the perception of a need for significant additional rule-making by various governmental bodies, has created uncertainty in the financial markets and, in particular, the private funds industry. Any changes in the regulatory framework applicable to the Fund may impose additional expenses, require the attention of senior management or result in



limitations in the manner in which a Fund's business is conducted. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

*Risks Arising From Dispositions of Investments:* In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company, or may be responsible as a selling stockholder for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such investments or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. If the assets of a Fund are insufficient to pay such indemnification obligations, the Investors may be required to return distributions received by them to pay such obligations subject to certain limitations described in the applicable Fund's limited partnership agreement.

*Side Letters:* A General Partner may enter into a side letter or other similar agreement with a particular Investor in connection with its admission to a Fund without the approval of any other Investors, which would have the effect of establishing rights under or altering the terms of the limited partnership agreement with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such investments), (ii) reporting obligations of the General Partner, (iii) waiver of certain confidentiality obligations, (iv) consent of the General Partner to certain transfers by such Investor or (v) rights or terms required by such Investor in light of particular legal, regulatory or public policy characteristics of such Investor. An Investor that has a side letter with a General Partner will have the opportunity to receive most favored nation treatment with respect to the applicable provisions of the side letters of other Investors, subject to certain limitations set forth in the master side letter entered into with each Investor that has entered into a side letter. Investors that do not have side letters with a General Partner will not participate in the most favored nation process, will not have notice of (unless they request to see the side letters) and will not receive the benefits of the rights obtained by other Investors through side letters.

*OFAC Sanctions and FCPA Considerations:* Economic sanction laws in the United States and other jurisdictions may prohibit Insight, its affiliates and the Funds from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict or completely prohibit certain investment activities,

and if a Fund or its portfolio companies were to violate any such laws or regulations, it may face significant legal and monetary penalties.

Insight and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, a Fund may be adversely affected because of its unwillingness to enter into transactions that violate any such laws or regulations.

The FCPA and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict the activities of a Fund’s portfolio companies or a Fund. If a portfolio company or a Fund were to violate any such laws or regulations, such portfolio company or Fund may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that a Fund’s portfolio companies or a Fund become the subject of such actual or threatened enforcement. In particular, U.S. regulators recently have been focused on private equity firms and the funds they manage. A violation of the FCPA or other applicable regulations by a portfolio company or a Fund could have a material adverse effect on the Fund.

*AIFMD:* Certain of the Funds may be marketed in member states in the European Economic Area (“EEA”). Under the EU Directive on Alternative Investment Fund Managers (Directive 2011/61/EU) (“AIFMD”), a Fund will be an alternative investment fund (“AIF”) and Insight will be an alternative investment fund manager (“AIFM”). The countries of the EEA in which Insight may seek investors will be restricted under AIFMD. This is because Insight is a non-EEA AIFM and some countries do not allow any marketing by non-EEA AIFMs; of those that allow it, some impose requirements that make it disproportionately burdensome to do so. If Insight markets in a member state and then admits an investor from that state, compliance with the reporting and other AIFMD requirements, including the appointment of a depositary, where required, will be ongoing. A Fund marketed in the EEA will bear the costs and expenses for collecting data, monitoring compliance and filing reports with the relevant authorities. Compliance with AIFMD may therefore result in significant additional costs over the life of such Fund and may reduce returns to investors. Competitors of such Fund may not be structured as AIFs or may otherwise be outside the scope of the AIFMD, potentially putting such Fund at a competitive disadvantage. The requirements of the AIFMD may change over time and could become more stringent. The AIFMD could also expose the Insight and/or a Fund to disparate or conflicting regulatory requirements under the laws of other jurisdictions. In addition, the AIFMD may also restrict certain activities of a Fund in relation to EEA-portfolio companies including, in some circumstances, such Fund’s ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership.

*Software Code Protection:* The development and protection of source code is critical to many businesses in the software sector. If an unauthorized disclosure of a significant portion of a portfolio company’s source code occurs, such portfolio company could potentially lose future trade secret protection for such source code. The loss of trade secret protection could make it easier for others to compete with such portfolio company’s products by copying their functionality, which could adversely affect such portfolio company’s revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (e.g., viruses, worms, and other malicious software programs that may attack a portfolio company’s products and services). Costs

for remediating the unauthorized disclosure of source code and other cyber-security breaches may include those related to increased protection, reputational damage, loss of market share, liability for stolen assets or information and repairs to damaged systems. Remediation costs may also include incentives offered to maintain a portfolio company's business and/or customer relationships following a security breach.

*Significant developments stemming from the U.S. administration:* Public comments by key personnel within the U.S. administration have suggested that the administration may not be supportive of certain existing international trade agreements. Further, the administration has announced the withdrawal of the U.S. from certain proposed trade agreements, such as the Trans-Pacific Partnership, and has supported greater restrictions on trade generally and has implemented significant increases on tariffs on goods imported into the U.S., particularly from China. At this time, it remains unclear what further actions the administration may take with respect to trade agreements, individual companies or countries, including whether, when and the scope of additional tariffs on imports into the U.S. may be increased. Insight also cannot predict how other countries will respond to the new administration's actions. For example, it is possible that legislation or regulations may be passed in other jurisdictions in response or related to any measures that may be imposed by the administration, including imposition of tariffs on U.S. goods imported into such jurisdictions. If the administration takes action to withdraw from or materially modify certain international trade agreements, or to implement greater restrictions on free trade and significant increases on tariffs or duties, the business, financial condition and results of certain of a Fund's portfolio companies, and the performance of a Fund's investments in general, could be adversely affected. The administration has also indicated its intention to direct federal agencies to proceed with deregulating the industries in which a Fund may invest through a series of executive actions. However, such actions have been and may continue to be subject to judicial and/or congressional scrutiny and even if implemented, may be replaced by regulatory actions at the state level. While there can be no assurance that the administration will be successful in implementing such actions, any measures that are implemented in connection therewith may result in material changes to regulations and may impact the business operations and performance (even adversely) of the Fund's investments. Changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the jurisdictions in which a Fund may invest, and any negative sentiments towards the U.S. as a result of such changes, could adversely affect the performance of a Fund's investments. In addition, negative sentiments towards the U.S. among non-U.S. customers and among non-U.S. employees or prospective employees could adversely affect sales or hiring and retention, respectively, in portfolio companies.

*CFIUS & National Security/Investment Clearance:* Certain investments by a Fund that involve the acquisition of a business connected with or related to national security or critical infrastructure may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators depending on the beneficial ownership and control of interests in such Fund. In the event that CFIUS or another regulator reviews one or more of a Fund's proposed or existing investments, there can be no assurances that such Fund will be able to maintain, or proceed with, such investments on terms acceptable to the Fund. CFIUS or another regulator may seek to impose limitations on or prohibit one or more of a Fund's investments. Such limitations or restrictions may prevent a Fund from

maintaining or pursuing investments, which could adversely affect such Fund's performance with respect to such investments (if consummated) and thus such Fund's performance as a whole.

*Subscription Facilities:* A Fund may obtain one or more revolving credit facilities ("subscription facilities") in order to enable the Fund to make investments or pay management fees or other Fund expenses and liabilities. A Fund may also pledge assets of such Fund and guarantee the indebtedness of others (including portfolio companies and entities through which investments by such Fund are held). If a Fund obtains a subscription facility, it is generally expected that such Fund's interim capital needs would be satisfied through borrowings by such Fund under the subscription facility, and drawdowns of capital contributions by such Fund, including those used to pay interest on subscription facilities, would generally be expected to be "batched" together into larger, less frequent capital calls (although actual timing and amounts may vary). Although there are limitations regarding the time borrowings by a Fund under a subscription facility may remain outstanding, there is no limitation on the amount of time guarantees by a Fund may remain outstanding, and the interest expense and other costs of any such borrowings will be Fund expenses (and, with respect to guarantees, may be Fund expenses) and accordingly, may decrease net returns of a Fund. Because net internal rate of returns are calculated based on the date of capital contributions, a General Partner may have an incentive to fund the acquisition of portfolio investments and ongoing capital needs of a Fund with the proceeds of borrowings under subscription facilities or other borrowings guaranteed by such Fund in lieu of immediately drawing down unused capital commitments.

*Risk of Outbreak of a Health Epidemic or Pandemic:* Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The likelihood, timing, and severity of these outbreaks are unpredictable. Currently, countries worldwide are facing a coronavirus outbreak. The impact of the outbreak has significantly affected business and other activities globally. There are broad and continuing concerns related to the potential effects of coronavirus on international trade (including supply chains and export levels), travel, employee productivity and other economic activities that may have a destabilizing effect on financial markets and economic activity, potentially impacting the value and liquidity of the Funds' invested assets, access to capital markets and credit, and the business of the Funds and their portfolio companies. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a major negative impact on the global economy or the economies of particular countries or regions, and business activity in any of the countries in which the Funds may invest and thereby adversely affect the performance of the Funds' portfolio investments.

The extent to which any outbreak including the coronavirus will impact the Funds will depend on many factors beyond our control, including the speed of contagion, the development and implementation of effective preventative measures and possible treatments, the scope of governmental and other restrictions on travel and other activity, and public reactions to these factors. Any plans and preparations for such eventualities, may not be adequate or effective for their intended purpose.

The material risks of Insight's investment strategy set out in this Item 8 do not represent all of the material and other risks associated with a Fund. Each Fund's confidential private placement memorandum sets out additional risks associated with the Fund.

## **Item 9      Disciplinary Information**

Neither Insight nor its management persons have been subject to legal or disciplinary events that are material to Insight's advisory business or that would be material to existing or prospective clients' evaluation of Insight's advisory business or the integrity of its management persons.

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

Affiliates of Insight serve as the General Partners of the Funds. A Fund may be subject to various conflicts of interest arising from its relationship with Insight and its affiliates including other Funds. Generally, Insight only makes new investments for its most recently raised Fund and, as applicable, such recent Fund's companion Coinvestment Fund at any given time. A new successor Fund is generally not formed and will not make investments until the predecessor Fund is substantially fully invested or committed without the consent of the Advisory Committee of the predecessor Fund. Generally, the limited partnership agreements governing the Funds provide for a six month transition period during which certain "pipeline" investments may be allocated to the predecessor Fund. A Fund may co-invest with its predecessor Fund in such pipeline transactions. After the transition period, new investments will generally be made by the successor Fund and, as applicable, its companion Coinvestment Fund. A follow-on investment opportunity in a portfolio company is generally reserved for the Fund that originally invested in such portfolio company, subject to the guidelines and restrictions of the Fund's limited partnership agreements and/or approval of the Fund's Advisory Committee and available capital in the Fund. A Fund may on occasion invest in a portfolio company of another Fund or co-invest with another Fund (a Coinvestment Fund would generally invest alongside its companion Fund in the applicable portfolio companies). In the case of the Continuation Fund, the Continuation Fund invested in a specified set of portfolio investments of prior Funds. As more fully described below, such transactions are generally subject to requirements agreed by the Investors and set out in the applicable limited partnership agreement, which may include a requirement to obtain the consent of the Advisory Committee of the applicable Funds. Insight may in the future form Funds with different investment strategies than the current Funds and which may make investments at the same time with other Funds.

### *Allocation of Co-Investment Opportunities*

Fund investments include investments in which a General Partner will seek co-investors. As the growth-stage software, software-enabled and Internet industries have grown, so too have the size of the companies in the industry. Insight believes that including co-investors increases the ability of a Fund to invest in larger companies while managing concentration risks. Co-investors may bring to a transaction relevant knowledge, due diligence skills, management experience and capital, both for the initial investment as well as for future financings. The ability to involve co-investors enables a Fund to make investments that it would otherwise not have the capacity to do. A General Partner of a Fund may, but will be under no obligation to, offer co-investment opportunities to any persons (including Investors) consisting of the portion of an investment opportunity that exceeds the amount that the General Partner determines is appropriate for the Fund. The General Partner of a Fund may, but is under no obligation to, also offer co-investment opportunities to third party strategic investors the portion of an investment opportunity that the General Partner determines to be appropriate. Which third parties will co-invest depends largely

on the nature and dynamics of a particular deal. Third-party co-investors (including Investors) have no obligation to participate in a particular deal and they will typically negotiate the terms of their participation. In selecting co-investors to approach with a potential investment, Insight will take into account various facts and circumstances it deems relevant and, at a minimum, a co-investor must be legally eligible to invest in the portfolio company, confirm that it has the ability and willingness to move quickly in making and implementing a decision to invest, and Insight must believe that it will have a good working relationship with the co-investor during the investment. Co-investors may include one or more Investors, however, the allocation of co-investment opportunities is entirely discretionary and there is no guarantee for any Investor that has expressed an interest in co-investment opportunities that it will see such opportunities except as described below with respect to one of the Current Fund Co-Invest Vehicles. Co-investment opportunities are by their nature limited because, given the swift pace of many deals in which the General Partner determines that co-investors are desirable, and the need to negotiate the co-investments as well as all other aspects of the transaction, it is simply not practical to involve large numbers of co-investors. Moreover, because the co-investors must rapidly devote sometimes significant resources to evaluating whether to invest, they may need a minimum investment to warrant the effort. In Insight's experience, certain Investors and other third parties have consistently been in a position to commit the amounts required and on the schedule dictated by larger transactions, and a General Partner may turn to such co-investors in new deals due to prior good experience with these co-investors enabling Funds to win and close investments and/or to smoothly syndicate investments after closing.

Neither a Fund General Partner nor Insight is permitted to receive any management fee, carried interest or other compensation from third-party co-investors without the applicable Fund's Advisory Committee's consent except in limited circumstances. In addition, co-investors do not bear all of the expenses borne by a Fund in developing, consummating and maintaining an investment. As a result, if the investment is successful, a co-investor will receive a better net return with respect to the portfolio company than Investors in a Fund, and an Investor that participates in co-investments with a Fund may achieve a better return than Investors who do not participate in co-investments, depending on how the co-investments perform.

The General Partner of a Fund and/or Insight may create limited partnerships, limited liability companies or similar vehicles or arrangements to accommodate investments by portfolio company management or strategic or other investors, including one or more Investors of such Fund, in connection with a deal-by-deal determination of any co-investment participation, or may cooperate with specific Investors to create vehicles to enable co-investments in one or more transactions, and may serve as the general partner, the investment manager or in a similar capacity with respect to such vehicles or arrangements. The Investor in such vehicles or arrangements may give a General Partner and/or Insight the authority to determine the co-investments that the vehicle will make with respect to one or more investments. The existence of such vehicles or arrangements formed for a particular Investor could result in fewer co-investment opportunities being made available to other Investors. As noted in the paragraph above, generally neither a General Partner nor Insight is permitted to receive any management fee or carried interest from, nor are they permitted to invest in, such vehicles or arrangements without Advisory Committee consent, unless such economic interest is required for tax or other technical reasons and the benefits of any such economic interest will be offset against the Management Fees or partnership expenses of the relevant Funds. Co-investors will often participate in Fund investments when the Fund initially

invests in a portfolio company. However there may be circumstances, including due to the timing requirements of a transaction or the need for regulatory clearance for the co-investors, where co-investors will subsequently purchase their investments from the Fund. The selection of co-investors may involve conflicts of interest and, while Insight has adopted policies and procedures with regard to the selection of co-investors intended to mitigate such conflicts, there can be no guarantee that such policies will prevent actions that are detrimental to a Fund. As indicated in item 5, Insight has created the Current Fund Co-Invest Vehicles, one of which permits an Investor of the 2017 vintage flagship Fund to co-invest alongside the 2017 vintage flagship Fund in control transactions in a specified amount (not to exceed the Investor's aggregate commitment to this co-investment vehicle) in circumstances where a co-investment opportunity in such transactions will be made available.

### *Transactions Among Insight Funds*

On occasion, Insight may determine that it is in the best interests of a Fund and another Insight Fund or Funds that the Fund should invest, or otherwise acquire an interest, in an existing portfolio company of such other Funds. Generally such transactions would be subject to the approval of the Advisory Committees of the relevant Funds unless a non-affiliated sophisticated financial investor who is not a strategic investor participates in such investment on substantially the same terms as the Fund, the investment of such non-affiliated investor is substantial and certain other conditions contained the applicable Fund's limited partnership agreements are met. A Fund will generally be permitted without Advisory Committee consent to co-invest with other Funds, to the extent permitted under the governing documents of the Funds, including in certain pipeline transactions. Also, in accordance with the applicable limited partnership agreement, certain Funds may transfer certain investments to its successor Fund or to its Coinvestment Fund. Certain Funds may, with the consent of their respective Advisory Committees, make bridge co-investments alongside or in their successor Funds or other future Insight Funds, that such Funds expect to syndicate to third party co-investors within a specific period of time. The Continuation Fund was formed for the purpose of acquiring interests in certain existing portfolio investments of other Funds.

### **Allocation of Expenses**

#### *Potential Conflicts in Calculation and Allocation of Certain Costs and Expenses Generally*

The limited partnership agreements of the Funds provide that each Fund will be responsible for all costs and expenses in connection with its operation, other than the costs and expenses that will be the responsibility of the Manager. With respect to certain operating expenses that are common among a Fund and other Funds, such as insurance premiums or annual meeting expenses, such expenses are allocated by Insight among the Funds as provided in the limited partnership agreements of the respective Funds or, if not so provided, on a case-by-case basis pursuant to a method that Insight believes to be fair and equitable to the Funds, such that no Fund is consistently advantaged over any other Fund or disadvantaged over time in relation to any other Fund or Insight. An operating expense or cost incurred on behalf of more than one Fund will generally be allocated pro rata among the Funds on the basis of (i) the amount of each Fund's applicable investment that relates to the cost or expense, (ii) the amount of each Fund's current net assets or (iii) the amount of each Fund's capital commitments. If deemed appropriate under the circumstances, costs or expenses incurred by more than one Fund may be allocated in any other

manner that Insight determines to be fair and reasonable. Insight or its affiliates will typically pay expenses attributable to one or more Funds and thereafter receive a reimbursement from the applicable Fund or Funds without interest. With respect to investments involving more than one Fund, each Fund is required to bear its proportionate share, based on the relative amounts invested, of transaction expenses except as otherwise provided in the applicable limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by Insight in good faith pro rata among the Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the General Partner determines is reasonable and fair. A potential conflict of interest exists in Insight's determination whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of Fund operational expenses for which the Fund is responsible, or whether such expenses should be borne by Insight. Any Fund will be reliant on the determinations of Insight in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the Funds and any other Insight affiliates, including how the expenses of proposed but unconsummated transactions are allocated among the Funds and what the allocation of a co-investment that is never completed might have been.

While Insight will endeavor to allocate expenses in a manner it believes to be equitable and consistent with the relevant Fund limited partnership agreements, there can be no assurance that errors will not arise in such allocations or that other methods of allocation would not produce a result that is more favorable to one or other of the Funds or to Insight.

The Funds will also be reliant on Insight to determine the fees that Insight Onsite charges to portfolio companies since these fees are determined by Insight and not negotiated at arm's length. Although Insight believes that such fees are reasonable for the services provided, and that the Funds benefit from having Insight Onsite's experienced business development team readily available to them, there can be no assurance that such services (or better services) may not be available from third parties at less expense.

#### *Allocation of Investment Expenses in Co-investments, including Broken Deal Expenses*

Under the applicable Fund's limited partnership agreement, a Fund is generally responsible for the costs and expenses incurred in connection with portfolio investments, including the out-of-pocket expenses incurred in the actual or potential acquisition, restructuring or disposition of any investment, whether or not consummated, and the out-of-pocket expenses incurred in connection with holding the investments of the Fund, to the extent not paid for by the applicable portfolio company or potential portfolio company. To the extent paid for by portfolio companies, a Fund and its Investors bear the expense indirectly to the extent of the Fund's interest in the portfolio company. With respect to consummated investments, such expenses, when material, are generally capitalized into the cost of the investment. Where a co-investment is made by more than one Fund, each such Fund is required to bear its proportionate share, based on the relative amounts invested, of such transaction and monitoring expenses except as otherwise provided in the applicable Funds' limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by Insight in good faith pro rata among the Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the General



Partner determines is reasonable and fair. The intended allocation may not be possible to determine with any certainty given the many variables that go into determining equity contributions in a transaction. Moreover, Insight will look at many more investments as potential investments for a Fund than a Fund will actually make, and, even though expenses may have been incurred by a Fund or by Insight on behalf of a Fund with respect to such potential investments, a decision may subsequently be made not to proceed with the transaction, or circumstances may arise preventing the consummation of the transaction or making it inadvisable, before the stage where any decision about co-investments with other Funds (or with third parties) has been made, in which case the expenses will generally be borne by the Fund for which Insight initially evaluated the transaction.

With respect to third-party co-investors, including Investors through limited partnerships, limited liability companies or similar vehicles or arrangements to accommodate such co-investments (as described under “Co-Investment Opportunities” in Item 10 above), to the extent that transaction and monitoring expenses are paid or reimbursed by the portfolio company in completed transactions, such third-party co-investors will bear their proportionate share of such expenses as a result of their interest in the portfolio company. Such transaction and monitoring expense are not always paid or reimbursed by the portfolio company and sometimes costs and liabilities, such as borrowing or guarantees, may be incurred in investment structures in which only the Funds participate or directly by the Funds and not by other investors in the portfolio company. Third-party co-investors are not obligated to co-invest and their co-investments are based on arms’ length negotiations between Insight and the third-party co-investors. Typically, co-investments by third-party co-investors are limited to the capital invested in the applicable portfolio company and do not bear the expenses associated with developing and consummating the investment opportunity or post-closing monitoring expenses, except to the extent borne or reimbursed by the portfolio company or otherwise specifically agreed with the co-investor. Third-party co-investors often commit to the transaction late in the process of identifying and negotiating an investment, or after closing in the case of transactions that are syndicated after the initial investment by a Fund. Often such potential co-investors are unable or unwilling to bear the expenses incurred with respect to a transaction that is not, in the end, consummated, and as a result the full amount of any broken deal expenses will be borne by the applicable Fund (and, as described above, other Funds in certain circumstances). As described in Item 5 above, Insight has formed four co-investment vehicles for Investors: (a) a co-investment vehicle that will generally bear its pro rata portion of transaction and monitoring expenses of investments in which it participates, but not the expenses of any proposed co-investment that is not consummated, and (b) the Current Fund Co-Invest Vehicles that will generally bear their pro rata portion of transaction and monitoring expenses of investments in which they participate, including its pro rata share of the expenses of any proposed co-investment that is not consummated.

A Fund will be reliant on the determinations of its General Partner or Insight as to the allocation of potential co-investments and of the related investment expenses as between the applicable Funds, including how the expenses of proposed but unconsummated transactions are allocated to the applicable Funds and what the allocation of a co-investment that is never completed might have been. While Insight will endeavor to allocate such expenses in a manner it believes to be equitable and consistent with the relevant limited partnership agreements, there can be no assurance that such allocations will adequately reflect all potential variables or that other methods of allocation would not produce a result that is more favorable to a Fund.

Additional information regarding how Insight addresses conflicts of interest is provided in Item 11 below.

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

Insight's Compliance Manual includes a Code of Ethics ("Code") that applies to each of its partners, members, owners, principals, directors, officers and employees ("Covered Persons"). The Code requires compliance with all applicable laws and regulations, including federal securities laws; acting in the best interests of the firm's clients at all times; avoiding actual and potential conflicts of interests; complying with certain restrictions on personal trading and prompt reporting of violations of the Code. The Code requires Covered Persons to safeguard confidential information entrusted to Insight by its clients, Investors or related parties, information regarding Insight's businesses and activities, or information about other Covered Persons. The Code also prohibits insider trading and tipping and addresses anti-money laundering and certain potential conflicts of interest. The Code requires Insight to monitor the personal securities trading of Covered Persons for evidence of insider trading or suspicious trades. A copy of Insight's Code of Ethics will be provided to a client or prospective client upon request.

Like other asset management firms, as part of Insight's business, Insight and its employees have developed many significant relationships with third parties, including, but not limited to, placement agents, investment bankers, counsel, consultants, private equity and venture capital investors, Investors in Funds, co-investors, current and former directors, officers and employees of current and former portfolio companies, and former directors, officers and employees of Insight, including those who have or may form funds that engage in investment activities similar to those of a Fund. Certain of such third parties may: introduce investment opportunities to Insight; arrange for, or facilitate financing in, the purchase or recapitalization of potential portfolio companies; introduce portfolio companies to potential acquisition or merger candidates; introduce Insight to potential buyers of portfolio company securities; facilitate the disposition of portfolio company securities; provide investment banking, consulting or advisory services to Insight, the Funds, portfolio companies and potential portfolio companies; invest in Funds; co-invest in portfolio companies; perform investment banking services for issuers of private securities held by Insight personnel or their friends and family members; introduce or recommend private investment opportunities to Insight personnel or their friends and family members; or provide other significant business or investment services to Insight, the Funds, portfolio companies, potential portfolio companies, Insight personnel, and friends and family of Insight personnel. Such third parties may receive direct commercial compensation from the portfolio company, potential portfolio company or individual for providing these services (including, with respect to portfolio companies, equity or other interests) and/or, with respect to transactions in connection with the Funds or their portfolio companies or potential portfolio companies, may receive compensation from Insight or a General Partner in the form of a cash payment from Insight or a General Partner or a participation in the management fees or carried interest. Insight and the General Partners, respectively, receive from the Funds. As a result of the business relationships Insight has developed, it may, as noted above, particularly where Funds have a controlling interest, be in a position to suggest or recommend service providers to portfolio companies with whom Insight or its employees have had a previous relationship or experience or portfolio companies may retain service providers as a result of their experience in transactions or otherwise through their relationships with Insight.

Family members of Insight personnel who are professionals or engaged in the relevant business may, independent of Insight, be engaged by portfolio companies. While Insight selects, if it is retaining a service provider, or suggests or recommends service providers who it believes will be effective and enhance a transaction or portfolio company operations or performance, there can be no assurance that other service providers would not be more qualified or lower cost. Portfolio companies may also retain service providers that have a relationship with Insight or its personnel through their experience with such service providers without any involvement by Insight. It is expected that third-party consultants and advisors to the Funds and their portfolio companies will also provide services to other enterprises, including competitors of Insight or any of the Funds' portfolio companies. Insight has compliance policies and procedures designed to monitor and, as necessary, mediate certain significant relationships, but no guarantee can be made that such policies and procedures will prevent actions which are to the detriment of a Fund.

Service providers to the Funds, their portfolio companies and the portfolio companies' directors, officers and employees, including placement agents and their principals, may be investors in a Fund. This could present a conflict of interest to a General Partner in deciding whether to utilize the services of such service providers, or to pay such service providers higher fees out of the Fund's assets in return for such service providers' willingness to invest in the Fund, which could result in additional fees for Insight.

A portfolio company in which one Fund invests may from time to time use the services of another portfolio company in which a different Fund invests. Insight may also from time to time encourage portfolio companies to consider using in their business the technologies, products or services provided by other portfolio companies even if the potentially transacting companies are owned by different Funds. Certain portfolio companies of the Funds offer their services at discounted rates to the other portfolio companies of the Funds as part of the Insight "family," including portfolio companies of different Funds and Insight typically communicates the availability of these discounts or incentives. It is Insight's policy, however, to avoid participating in any resulting negotiations between or among the transacting portfolio companies except in accordance with procedures intended to address potential conflicts.

Conflicts of interest may also arise in circumstances where Insight may consider an investment by a Fund in a company in which an Investor or another person with a significant relationship to Insight is already an investor or a sale of a portfolio company to such persons since Insight may wish to maintain a good relationship with the Investor or such significant relationship. While Insight has policies and procedures for such situations, there can be no guarantee that such policies and procedures will prevent actions which are to the detriment of a Fund.

The existence of the Carried Interest may create an incentive for a General Partner to make more speculative investments on behalf of a Fund that it would otherwise make in the absence of such performance-based compensation. In addition, upon the winding-up of a Fund, a General Partner may receive carried interest distributions with respect to a distribution in-kind of non-marketable securities. The valuation of such securities for such purposes generally will be determined by the General Partner, subject to Advisory Committee approval, as set forth in the applicable Fund limited partnership agreement. In addition, the clawback obligations of the General Partners may create an incentive to defer the disposition of investments that would result in a realized loss or the completion of the liquidation of a Fund where a clawback obligation would be owed.

Personal investment by investment professionals and other personnel of Insight can present potential conflicts of interest for Insight and its personnel. Insight's members, owners, principals, directors, officers, and employees, certain family members of those persons, certain directors, officers, or employees of Insight's portfolio companies, and certain individuals employed by or associated with certain service providers of Insight or its portfolio companies have invested, and may continue to invest in the future, in Side-by-Side Funds that will make investments at the same time and on the same terms as the Fund and/or through an entity that invests into such Fund. Each such entity is a related person of Insight. Each Fund has a General Partner which is a related person of Insight. The General Partner of each Fund agrees that the General Partner, Insight, and/or employees, partners or members of the General Partner and Insight will make capital commitments to such Fund. The amount of this sponsor capital commitment varies from Fund to Fund. The sponsor capital commitment generally is satisfied by capital commitments from Insight and its Managing Directors. The sponsor commitment may be financed through borrowings or structured financing arrangements.

The directors, officers and employees of Insight generally may, subject to certain restrictions, buy and sell securities or other investments for their own accounts (including through investment funds managed by Insight). As a result of differing investment strategies or constraints, or for other reasons, positions may be taken by Insight personnel that are the same as, different from or made at different times than positions taken for a Fund. For the same reasons, directors, officers and employees of Insight may invest, and have invested and will continue to invest, in public and private companies, private equity funds, private venture capital funds, hedge funds, real estate funds, mutual funds, managers and sponsors of funds, and other investments. Insight has established policies and procedures requiring certain approvals for investments in private companies and private funds by employees of Insight and most personal securities transactions by Insight personnel. However, the potential exists for personal securities transactions by Insight personnel, including those which have been pre-cleared or approved in advance, to generate significantly higher investment returns to such personnel than any of a Fund's investment transactions generate for its own investors. Insight has also established policies and procedures for circumstances where a company identified as a potential investment opportunity for a Fund is determined not to be suitable or appropriate for the Fund. The potential exists for Insight personnel, other co-investors or competitors of Insight to invest in such company and realize significantly higher investment returns than any of a Fund's investment transactions generate for its own investors.

Generally, a Fund may enter into contracts and transactions with its General Partner, affiliates of its General Partner, or certain key Insight personnel not authorized, addressed or expressly contemplated by the limited partnership agreement, if, in the good faith judgment of the Fund's General Partner, the terms of such contract or transaction are no more favorable to the General Partner, affiliate or key Insight personnel than could be obtained in arm's length negotiations with unrelated third parties and the material terms of such contract or transaction have been approved by the Fund's Advisory Committee.

From time to time, a General Partner, Insight, their affiliates and/or their directors, officers and employees may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit a General Partner's or Insight's flexibility to buy or sell portfolio securities issued by such companies. A Fund's investment

flexibility may be constrained as a consequence of the General Partner's or Insight's inability to use such information for investment purposes. Alternatively, each of the General Partner and Insight and their affiliates may decline to receive material non-public information which it is entitled to receive on behalf of the Funds, in order to avoid investment restrictions for the Funds, even though access to such information might have been advantageous to the Funds and other market participants are in possession of such information.

In the event of a conflict of interest that is not otherwise addressed by the applicable limited partnership agreement, each of the applicable General Partner and Insight will be guided by its fiduciary responsibilities, compliance policies and procedures and good faith judgment as to the best interests of the Fund and may seek or, depending on the Fund and the materiality of the conflict, may be required to obtain, pursuant to the limited partnership agreement of the Fund, guidance from the Advisory Committee of the Fund.

## **Item 12 Brokerage Practices**

Insight has discretionary authority over the Funds' accounts including the buying and selling of securities and the amount of securities to be bought or sold. Most of the securities transactions of the Funds involve private companies and privately-negotiated purchases and sales that do not make use of a broker-dealer. However, Insight may employ the services of a broker-dealer to acquire or dispose of interests in certain portfolio companies, typically for securities acquired via an initial public offering or publicly traded securities received as consideration in the sale of a portfolio company. Trades involving such securities are often complex for a variety of reasons, including selling thinly-traded stock, large blocks of stock or restricted shares, or selling on a non-United States exchange. Insight will also generally use a broker-dealer to execute distributions in kind of publicly traded securities to Investors. Insight is responsible for evaluating and selecting broker-dealers for the Funds, and Insight determines the commission rates to be paid through negotiation with the broker-dealers.

In selecting broker-dealers through which orders for Funds are to be executed, Insight considers various factors. As a fiduciary, Insight must execute securities transactions in such a manner that a Fund's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained, including the broker-dealer's experience in the kinds of complex, non-routine trades that Insight executes on behalf of the Funds. Thus, Insight will consider the full range and quality of the broker-dealer's service in selecting a broker-dealer to meet best execution obligations, and may not pay the lowest commission rate available.

Insight generally manages the assets of the limited partnerships within a Fund in lockstep fashion. Each Fund, however, generally has a limited period during which it is permitted to make new investments. Generally speaking, once that open investment period ends, the Fund is restricted to making follow-on investments in portfolio companies and generally may not make new investments in other companies, subject to provisions in the applicable limited partnership agreement. Insight manages its Funds in a manner that generally avoids the circumstance where Funds from different vintage years have open investment periods at the same time, other than in the case of a Fund and its companion Coinvestment Fund, which would have investment periods

that partially or completely overlap. Subject to the requirements of the applicable limited partnership agreements, the following procedures apply in situations when multiple Funds have the opportunity to invest in the same portfolio company.

- *Suitability Determination.* After the Investment Committee identifies an investment opportunity, it will determine if the investment opportunity is suitable and appropriate for one or more Funds.
- *Fair and Equitable Allocation.* If the Investment Committee determines that it is in the best interests of more than one Fund to take advantage of the investment opportunity, Insight will aggregate the investments of the participating Funds and allocate the resulting securities among them, in each case in a fair and equitable manner as determined by the Investment Committee taking into consideration any differences in investment guidelines, asset diversification needs, risk profile, uncalled capital commitments and other sources of liquidity, and any other relevant facts and circumstances that apply. Unless the Investment Committee determines otherwise, participating Funds with similar vintage years are, subject to requirements of the applicable limited partnership agreement, generally expected to participate in the same investment opportunity in lockstep fashion.

In addition, such transactions are governed by the applicable Funds' limited partnership agreements and may require the consent of the Funds' Advisory Committees.

Insight has no formal arrangements with any broker-dealer to receive research or other products or services other than execution, and Insight does not have any soft dollar or commission sharing arrangements that would require Insight to provide any specified amount of brokerage to a broker-dealer. Insight may, at times, receive research reports free of charge from broker-dealers that may provide or seek to provide services to Insight, the Funds or portfolio companies. Any research reports received are consistent with the safe harbor for brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934. When Insight receives research or other information from a broker-dealer free of charge, it could be viewed as receiving a benefit it does not have to pay for, and Insight could be viewed as having an incentive to select or recommend a broker-dealer for a transaction on behalf of a Fund based on its interest in receiving such benefits rather than on receiving most favorable execution.

### **Item 13    Review of Accounts**

Insight's Managing Directors generally meet weekly to evaluate prospective investments. Insight monitors and reviews the performance of each portfolio company investment. Insight's senior deal team conducts quarterly reviews of the performance and outlook for each portfolio company. Insight's internal Finance Group monitors all cash inflows and outflows from Insight's Funds.

Insight holds annual meetings at which Insight's Managing Directors provide Investors in the Funds with reviews of the performance of the Funds and portfolio companies. In addition, the financial statements of the Funds are audited annually.

Insight may review a client account on other than a periodic basis upon the occurrence of material events that, based on the reasonable business judgment of the responsible Managing Director,

require consideration by the Investment Committee or the senior deal team before the next scheduled meeting of the Investment Committee.

Insight provides such reports (and at such frequency) as will be required by the applicable limited partnership agreements for each Fund. As a result, in general, each quarter Insight issues an unaudited quarterly capital account statement to Investors. Insight also issues a quarterly report for each Fund. The quarterly report typically includes the following: a summary of portfolio holdings; distributions; unaudited financial statements, including a balance sheet, statement of changes in Investors' capital, and statement of operations; and a description of some or all of the Fund's portfolio companies. Investors receive audited financial statements within 120 days of the end of each Fund's fiscal year. Insight or its affiliates may by agreement or on request provide additional information or reports to certain Investors.

Each Fund has an Advisory Committee that quarterly receives additional reports about portfolio companies from Insight.

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

Insight or its affiliates may use one or more placement agents in connection with Fund offerings. For a number of Funds, Sparring Partners Capital LLC, a broker-dealer registered with the SEC under the Securities Exchange Act of 1934, was retained by a General Partner as placement agent ("Sparring Partners") to certain prospective Investors. Insight has also retained and expects to retain other placement agents including to certain prospective Investors outside the United States.

Sparring Partners generally receives a placement fee with respect to the Investors it solicits and that invest, consisting of a cash fee and, with respect to certain Funds, a participation in the General Partner's Carried Interest. The other placement agents Insight has retained have been paid cash placement fees. Such placement fees paid to Sparring Partners or other placement agents may be paid by the Fund but will reduce Management Fees payable to Insight or, where applicable, Fund expenses. The receipt of compensation by a placement agent may affect its recommendations as to the desirability of an investment in the Funds.

Various potential and actual conflicts of interest may exist or arise from Sparring Partners' or other placement agents' business activities and relationships with its clients, investors whom it solicits for Funds and portfolio companies of the Funds or other funds not affiliated with Insight. Sparring Partners has provided, and may continue to provide, a number of services to Insight, the Funds, and certain portfolio companies, has a number of relationships with Insight, the Funds and certain of the portfolio companies, and may have various relationships with potential portfolio companies. In particular, Warren Spar, the principal of Sparring Partners, is a limited partner in certain of the Funds; Warren Spar is a co-investor in certain Fund portfolio companies; Sparring Partners has provided investment banking services to a number of Fund portfolio companies; and Sparring Partners may provide investment banking services to portfolio companies in which a Fund may in the future invest. The other placement agents previously retained by Insight had not provided other services to Insight when they were initially retained and did not acquire interests in any of the Funds in connection with placing Fund interests, however they or future placement agents may provide other services to Insight, or to the Funds and/or portfolio companies and make investments therein, and Insight expects to retain other placement agents who, or whose affiliates have,

provided and may in future provide other services to portfolio companies and have made and may in future make investments in the Funds and portfolio companies.

Please refer to Item 11 for a discussion of how we address conflicts of interest that arise in the context of business relationships.

## **Item 15 Custody**

Pursuant to applicable regulation, Insight is considered to have custody of its Funds' cash and securities. Insight maintains the Funds' cash and certificated securities with independent qualified custodians to the extent required under the U.S. Investment Advisers Act of 1940, as amended, and rules promulgated thereunder. Insight arranges for each Fund's financial statements to be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules. Insight makes those audited financial statements available to all Investors in a Fund within 120 days of the end of such Fund's fiscal year. Upon liquidation of a Fund, Insight will distribute its audited financial statements prepared in accordance with GAAP to all Investors in a Fund promptly after the completion of such audit. Because Insight's clients are the Funds and the Funds are subject to the foregoing audits, a qualified custodian is not required to send account statements to clients or Investors.

## **Item 16 Investment Discretion**

Insight accepts discretionary authority to manage securities accounts on behalf of a Fund and certain co-investment vehicles pursuant to the relevant Fund's or co-investment vehicle's limited partnership agreement, subject to limitations set forth therein. Each limited partnership agreement is subject to negotiation with Investors and typically, for example and without limitation, establishes the Fund's investment objective, policies, strategies and limitations. Examples of such limitations include limitations on the amount of capital that may be invested in any one portfolio company, geographical limitations and limitations on borrowing by a Fund. In addition, the General Partners of the Funds have entered and may in the future enter into side letters or other similar agreements with particular Investors in connection with their admission to a Fund without the approval of any other Investors, which letters have and will in the future have the effect of establishing rights under or altering the terms of the applicable Fund partnership agreement with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors. Such rights or terms in any such side letter or other similar agreement may include opt-out rights of an Investor applicable to particular investments (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such investments).

## **Item 17 Voting Client Securities**

Insight votes all proxies in the best interests of Insight's clients unless under the facts and circumstances the responsible Insight Investment Team Managing Director determines that voting is not reasonably practicable (such as, but not limited to, where English language translations of



proxy materials are not available). Insight believes that this means a Fund's best economic interests over the long-term – that is, the interest of a Fund in seeing the value of its investment increase over time. Insight does not take investment positions outside of the Funds it manages and therefore does not anticipate a situation where there would be a conflict between maximizing long-term investment returns for Funds and interests of Insight. If such a situation should arise involving a public security, Insight's Compliance Committee will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine how to vote the proxy in the best interest of the Fund. The Compliance Committee may also determine whether the conflict of interest involving the public security will be disclosed to the Funds (and/or Investors) and whether to obtain consent prior to voting.

Insight's General Counsel and Chief Compliance Officer are responsible for voting proxies. In deciding how to vote a proxy, these officers are generally expected to consult with the Investment Team Managing Director responsible for covering the portfolio company which is soliciting the proxy vote. They may also consult with Insight's Chief Financial Officer and such other persons as they deem advisable. Clients may obtain a copy of our proxy voting policies and procedures upon request.

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

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. We have not been the subject of a bankruptcy petition within the preceding ten years.