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Part 2A of Form ADV: Firm Brochure
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This brochure provides information about the qualifications and business practices of HGGC, LLC. If you have any questions about the contents of this brochure, please contact us at (650) 321-4910. 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 HGGC, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. **Material Changes**

HGGC, LLC's brochure was previously amended on December 2, 2019. This annual amendment updates the descriptions of the advisory business of HGGC, LLC and its affiliates.

Item 3. **Table of Contents**

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Item 4. **Advisory Business**

For purposes of this brochure, the “Adviser” and “HGGC” mean HGGC, LLC, a Delaware limited liability company, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates may or may not be under common control with HGGC but possess a substantial identity of personnel and/or equity owners with HGGC. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds or may serve as general partners of the Funds. Such affiliates that are controlled by or under common control with the Adviser are subject to the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. This brochure describes the business practices of the Adviser and such affiliates, which operate as a single advisory business. References contained in this brochure to the strategy and operations of the Adviser should be read to include the activities of the Adviser and such affiliates that collectively engage in the investment process and ongoing management of the Funds and their portfolio companies.

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

Additionally, the Adviser and/or its affiliates expect to organize and serve as general partner (or in an analogous capacity) to certain other “feeder” vehicles (each such vehicle, a “Feeder Vehicle”) organized to invest exclusively in a Main Fund.

The Main Funds and the Feeder Vehicles are collectively referred to as the “Funds.”

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives, investments are generally made in middle market or growth equity companies, generally referred to herein as “portfolio companies.” The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating the terms of and making investments on behalf of the Funds, supervising and monitoring the performance of such investments and disposing of such investments. The Adviser generally serves as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment advisory services to each Fund in accordance with separate investment advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”), offering documents, limited partnership agreement (or analogous organizational or governing document) or side letters with the Fund’s investors (such side letters, together with the limited partnership agreement (or analogous organizational or governing document), the “Governing Documents”) of such Fund. Such side letters generally have the effect of establishing rights under, or altering or supplementing a Fund’s limited partnership agreement (or analogous organizational or governing document), including by providing, among other things, different information rights, co-investment rights, liquidity or transfer rights and other economic rights that may be material.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreement, Governing Documents and/or offering documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund.

The principal owners of HGGC are Richard F. Lawson, Jr., and J. Steven Young. HGGC is managed by a Board of Managers consisting of Messrs. Lawson and Young. In addition, investment funds affiliated with Dyal Capital Partners (“Dyal”) (a subsidiary of Neuberger Berman) hold an indirect passive minority interest in HGGC and the general partners of the Funds. Dyal has no authority over the day-to-day operations or investment decisions of the Advisers or the Funds, although it does have certain customary minority protection consent rights. The Adviser has been in business since October 24, 2007. As of December 31, 2019, the Adviser manages a total of \$3,613,128,285 of client assets, all of which are managed on a discretionary basis.

Item 5. **Fees and Compensation**

As compensation for investment advisory services rendered to the Main Funds, the Adviser or its affiliate receives from each such Fund an advisory fee or management fee (each, an “Advisory Fee”). Advisory Fees paid by a Main Fund are indirectly borne by investors in such Main Fund (such as Feeder Vehicles).

In addition, the Adviser expects to perform management, consulting, advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. These fees may be substantial. Although these fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or Governing Documents of the applicable Fund. Additionally, portfolio companies typically reimburse the Adviser for expenses (including without limitation travel expenses, which include expenses for private, chartered or first class travel and, in certain circumstances, meals and entertainment) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described above. The Adviser generally has discretion over whether to charge fees for Related Services and, if so, the rate, timing, method and/or amount of such compensation. In most circumstances, such compensation is not reviewed or approved by an independent third party. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see “Conflicts of Interest” under Item 11 below.

Additionally, as further described herein, the Adviser also engages and retains advisors, consultants and other similar professionals (“Capital Advisers”) who are not employees or affiliates of the Adviser and who, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. Such Capital Advisers generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. These services also are expected to include serving in management or policy-making positions for portfolio companies. In such circumstances, such amounts will not be deemed paid to or received by the Adviser and such amounts will not be subject to the sharing arrangements described above.

The Adviser and/or its affiliates generally have discretion over whether to charge Related Services fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such fees or other compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates on the other hand.

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Advisory Fee, carried interest or other compensation received by the Adviser or its affiliates.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Main Fund are established by the Adviser or its affiliate receiving the Advisory Fee, as modified by negotiations with investors in the applicable Main Fund, and are set forth in such Main Fund's Advisory Agreement, Governing Documents and/or other documentation received by each investor prior to investment in such Main Fund. The Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser (or such affiliate receiving the Advisory Fee) in its sole discretion, both voluntarily and on a negotiated basis with selected investors. Certain waived portions of the Advisory Fees are treated by the Governing Documents as a deemed capital contribution by the relevant general partner, which is effectively invested in the relevant Main Fund on such general partner's behalf, and operates to reduce the amount of capital such general partner would otherwise be required to contribute to the Main Fund. Waived or reduced Advisory Fees are not subject to the Advisory Fee reductions, and the amount of such waived or reduced Advisory Fees has the potential to be significant.

The fee structures described above may be modified from time to time. Fees often differ from one Main Fund to another, as well as among investors in the same Main Fund.

Advisory Fees billed to and received from the Main Funds are payable quarterly in advance and are deducted from the assets of the Funds.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid under such Advisory Agreement are generally returned to the applicable Funds on a prorated basis.

The Advisory Fees paid by a Main Fund generally will be reduced by the amount of fees paid by such Main Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Main Fund to certain potential investors, as well as by fees incurred by the Adviser in connection with the organization of such Main Fund that exceed a limit specified in such Main Fund's Governing Documents. In addition, the Adviser or its affiliate receiving the Advisory Fee is permitted to waive or reduce all or a portion of the Advisory Fee paid by a Main Fund in full or partial satisfaction of any obligation of the Adviser and certain employees of the Adviser to invest in and alongside such Main Fund.

To the extent provided in the Advisory Agreements and the Governing Documents of the Funds, the Adviser or its affiliate receiving the Advisory Fee will pay out of Advisory Fees certain operating expenses, including expenses on account of rent, utilities, office supplies, office equipment, compensation of its partners and employees (other than Carried Interest described in Item 6 below and to the extent not borne by a fund or its portfolio companies), certain travel including, in certain cases, meal and entertainment expenses (to the extent not borne by a fund or its portfolio companies) and other routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds. As set forth more fully in the Funds' Governing Documents, each Fund will bear all other expenses relating to its activities, investments and business to the extent not reimbursed by a portfolio company, including legal, accounting, audit, administration (including the expenses of any third party administrator and of any software used for limited partner reporting and account administration), consulting (including, but not limited to, consulting and retainer fees, compensation, expense reimbursements and other amounts paid to Capital Advisers, the Operations Group and its members, consultants performing investment

initiatives and other similar consultants), investment banking, consulting, research, brokerage, finders', custody, transfer, registration, advisory board (including the expenses of advisors engaged by the advisory board), limited partner meetings and related meal and entertainment expenses, insurance (including directors and officers, errors and omissions liability and other insurance), expenses incurred in connection with third party valuations, expenses associated with the preparation of the Fund's financial statements, tax returns, tax estimates, Schedule K-1s or any other administrative, regulatory or other Fund-related reporting or filing obligations, interest, taxes and extraordinary expenses, such Fund's allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated (such expenses and fees hereinafter referred to as "Broken Deal Expenses") including Broken Deal Expenses relating to transactions that have been offered to co-investors, such Fund's allocable share of expenses and fees incurred in the course of making investments and other similar fees and expenses, as well as any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser or such affiliate receiving the Advisory Fee. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. This is not meant to be an exhaustive listing of all potential expenses a Fund may bear. Please refer to each Fund's Governing Documents for more details on expenses permitted to be borne by the Funds.

In some cases, a co-investment vehicle may be formed in connection with the consummation of a transaction, subject to the Adviser's related policies and the relevant Governing Documents. Accordingly, where a proposed transaction is not consummated, no co-investment vehicle generally will have been formed, and the full amount of any Broken Deal Expenses relating to any such proposed transaction would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, and not by any prospective co-investors that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses.

The Adviser generally has the right to exempt certain investors in certain Funds from payment of all or a portion of Advisory Fees and/or carried interest. Any such exemption from fees and/or carried interest may be made by a direct exemption or by allowing such investors to invest through other vehicles which co-invest with a Fund. For example, in instances where an Adviser Personnel (or an affiliated entity thereof) invests in a Fund, such personnel (or such affiliated entity) generally will be exempt from payment of the Advisory Fee and/or carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Partnership Agreement, the Adviser has the right to permit investors, affiliated with the Adviser or otherwise, to invest through the relevant general partner or other vehicles that do not bear Advisory Fees or carried interest. In general, the Advisory Fee offsets described herein apply only with respect to the capital commitments of fee-paying investors.

Additionally, please see Item 6 below regarding "Carried Interest" that the Funds are required to pay.

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Operations Group

Operational Resources Group, LLC, (“ORG”), an exclusive consulting firm owned by its senior management, assists the Adviser in its operational due diligence and capital sourcing for prospective and consummated transactions and in its post-closing operating initiatives for Fund portfolio companies, including manufacturing, sales, marketing, finance, tax, technology, information technology, financing (e.g., debt and equity financing, including, without limitation, in connection with acquisitions, dispositions, refinancings, recapitalizations and other similar transactions), legal, real estate/facilities management, human resources, acquisition integration/rationalization and/or other operations services (such assistance, collectively, “Operational Services”). Operational Services may be performed by employees of ORG, Capital Advisers, or by certain other third-party operating professionals who are independent contractors of ORG, the Adviser, a Fund, a portfolio company, or an affiliate of any of the foregoing. ORG, Capital Advisers performing Operational Services and such other third-party operating professionals (whether or not employed or engaged by ORG) are hereinafter referred to collectively as the “Operations Group.”

The Funds, directly or through portfolio companies in which they invest, bear the cost of Operational Services provided by the Operations Group. Members of the Operations Group (including ORG) are expected to receive compensation from Fund portfolio companies or from a Fund (including through the reimbursement of fees or other compensation initially paid by the Adviser or applicable general partner, which may be borne by a Fund through a reduction in the offset to the Advisory Fees for certain non-investment advisory fees received by the Adviser or its affiliates in connection with the Funds’ investments and portfolio companies). Such compensation will not offset or reduce the Advisory Fee and, thus, will not be covered by the Advisory Fee.

Certain members of the Operations Group, from time to time, participate in meetings of the Adviser’s investment or other committees to, among other things, provide feedback and operational insight regarding a particular industry or prospective portfolio company and help ensure coordination between the Operations Group and the Adviser’s investment team (the “Investment Team”) in constructing an operating plan for a given portfolio company. The Management Company and/or the applicable general partners generally have discretion over whether to charge fees to or require other compensation from (or seek reimbursement from) a portfolio company in connection with services provided by the Operations Group and, if so, the fee rate or amount. The receipt by members of the Operations Group of such fees or other compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates (including ORG), on the other hand. Please see “Conflicts of Interest” under Item 11 below. The Funds, through portfolio companies or directly, bear the cost, including compensation, of directors, executives or consultants to portfolio companies, including the Operations Group, which may include current and former senior principals, employees, or owners of the Adviser, in connection with management or consulting

services provided by such persons. Any such cost will generally not offset Advisory Fees paid to the Adviser.

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

A portion of the profits of each Main Fund is allocated to the capital account of its general partner, if any, as “carried interest” (the “Carried Interest”). Each general partner of a Fund is a related person of the Adviser.

In the future, the Adviser may agree to advise additional Funds that have different Carried Interest arrangements. The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates create a potential incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Additionally, the Adviser periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Additionally, to the extent that Adviser personnel are assigned varying percentages of Carried Interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

The existence of performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its investors.

Item 7. **Types of Clients**

The Adviser currently provides investment advisory services to the Funds, and references throughout this brochure to “clients” and to the Adviser’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Investment advice is provided directly to the Funds (subject to the direction and control of the general partner of each such Fund, if applicable) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” or “knowledgeable employees” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, sovereign wealth funds, family offices, corporations, limited partnerships and limited liability companies or other entities, employees of the Adviser (and their affiliated estate planning vehicles and members of their families) and Capital Advisers, Operations Group members or other service providers retained by the Adviser.

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

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

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

Methods of Analysis and Investment Strategies

HGGC typically employs its “Advantaged Investing” approach, focusing on middle-market North American companies that it believes have a competitive position in market niches, to which HGGC aims to add value through its relationships and the Firm’s team members’ investing and operating expertise in multiple industries.

HGGC’s investment strategy is primarily based on deal flow focusing on opportunities in core investing segments, deal execution capabilities, portfolio management and aligned incentives.

Deal Flow Sourcing

HGGC has institutionalized a multi-faceted deal sourcing strategy and focus, which it believes provides for a robust and diverse pipeline of transaction opportunities. Transactions are sourced primarily through (i) comprehensive evaluation and maintenance of intermediary relationships (the “Reverse-Sponsor-Coverage Model”), (ii) exclusive and complementary networks of HGGC Partners, other investment professionals and professional staff, (iii) in-depth, proactive industry analysis and (iv) successful precedent transactions yielding preferred-partner references.

Reverse-Sponsor Coverage Model

In order to institutionalize its approach to sourcing, HGGC established a business development function, which maintains relationships with investment banks, business brokers and other intermediaries and seeks a view into many sell-side processes that involve businesses that meet HGGC’s investment criteria. HGGC believes that this Reverse-Sponsor-Coverage Model gives HGGC a better understanding of the current state of the markets, including equity and credit, as well as an introduction to potential acquisition candidates that may become attractive, exclusive opportunities at a later time.

On occasion, when HGGC finds a compelling target in an auction process and believes it can uniquely contribute to the growth of the target’s business, HGGC may seek to acquire that target. In those circumstances, HGGC believes that due to its reputation in the market and the experience of its team, HGGC has been able to “bend” auctions, becoming the preferred-partner of the founder-owners, management teams and/or selling sponsors, thereby changing the dynamic from a traditional auction focused on the highest bidder to one more favorable to HGGC.

HGGC Networks

HGGC benefits from the extensive networks of its team members. The Firm’s Partners, other investment professionals and professional staff have a variety of complementary sourcing relationships, including with the Capital Advisers and the Operations Group members, which provide HGGC with interesting deal opportunities outside traditional auction processes.

Industry Analysis

The HGGC team is made up of individuals with multi-industry experience. Their aim is to capitalize on their extensive sector and market knowledge by focusing on companies with competitive positions in defensible market niches to which they believe they can add value through

their relationships and expertise. This focus has led HGGC to concentrate more heavily on certain sectors it believes to be particularly attractive and well suited to its Advantaged Investing strategy.

Deal Execution Capabilities

Once an opportunity is identified, HGGC seeks to employ an intensive, analytical due diligence process focused on fundamental analysis to drive the investment decision, exit planning prior to transaction close and development of a detailed post-close action plan. HGGC is also focused on determining the appropriate capital structure for each investment, as well as potential synergistic acquisitions for certain investments.

Proven Approach to Evaluating Transactions

HGGC principally seeks to invest in North American middle-market companies that have leading competitive positions in defensible market niches to which it believes HGGC can add value through its relationships and expertise. HGGC looks for companies that it can transform in a meaningful way and strives in its due diligence process to identify the ways in which a company will be different and more valuable when sold. Every platform transaction is evaluated relative to its defined investment thesis, and while all of the target attributes may not be met at closing, the deal teams remain focused on developing those critical company characteristics throughout the course of an investment. Primary investment criteria include the following:

- Scale: The ability to invest equity capital generally between \$25 and \$200 million in companies that typically have EBITDA at closing of up to \$100 million;
- Competitive Position: A strong competitive position where HGGC believes a company has the tools necessary to be successful (such as a relatively strong market presence, scalability and potential to transform the business to exit at a higher multiple);
- Risk/Return Profile: Targeting portfolio companies with the potential for appropriate base case multiples of money returned relative to risk potential; and
- Key Impact Drivers: Growth and/or cost drivers in businesses for which HGGC believes it can generate substantial value over time, often by collaborating with founder-owners, management teams and/or sponsors who desire to take their business global.

Exit Planning on Entrance

HGGC typically focuses on exit planning as soon as it begins evaluating an investment opportunity, developing operational and strategic plans to drive value enhancements and optimize return outcomes before a transaction has closed. HGGC seeks to create such value enhancements through a combination of multiple expansion and EBITDA growth while reducing net debt over the investment horizon. HGGC looks to create multiple exit avenues for each company and to identify a shared vision with founder-owners, management teams and/or selling sponsors as to what each company must achieve in order to position itself for a successful exit. HGGC believes that this collaboration not only serves to strengthen HGGC's preferred-partner relationships, but also establishes a specific and actionable framework for portfolio company value creation.

Detailed Post-Close Action Plan

The development of a detailed post-close action plan links directly with HGGC's sourcing strategy. Because HGGC seeks to develop preferred-partner relationships with founder-owners, management teams and/or sponsors, its deal team professionals are usually able to work closely with each target company's seller(s) on post-closing plans during the due diligence process. These action plans typically focus on addressing strengths, weaknesses and opportunities found during due diligence, with the goal of improving the company's strategic position, optimizing operations, strengthening management and capitalizing on industry trends. HGGC professionals seek to work together with each individual company's founder-owners, management teams and/or selling sponsors to develop and implement unique growth strategies best suited to the company. The strategies are generally built upon focused sales and marketing plans, operating objectives, organizational structure and strategic investments. HGGC also works collaboratively with each portfolio company so that capital spending programs can be prioritized to produce sustained growth.

Synergistic Acquisitions

Another key element of HGGC's strategy is to pursue synergistic acquisitions through existing investment platforms where appropriate. These acquisitions can improve product offerings, provide access to untapped customers and markets, drive cost savings and efficiencies, leverage management expertise, enhance strategic positioning and/or otherwise improve the performance and prospects for existing investment platforms. As appropriate, HGGC professionals work closely with the management teams and other equity holders in existing portfolio investments to identify, fund, execute and integrate acquisitions that HGGC deems to be accretive to the portfolio company. HGGC believes these "add-on" acquisitions have been and may continue to be a successful source of building value by way of reaching scale, fundamentally transforming business definitions or otherwise.

Appropriate Capital Structure

In connection with the development of each portfolio company's strategic plan, HGGC puts into place a carefully designed capital structure intended to permit the acquired business to execute a custom and appropriate business plan that allows for growth opportunities, as well as the ability to weather various business cycles.

Depending on the needs of the individual portfolio company, HGGC may identify opportunities for co-investment by institutional investors and other persons (as discussed in Item 11 below) willing to invest both significant capital as well as other strategic benefits to the company. While HGGC intends to take a control position in its portfolio companies, it also strives to treat its co-investors as partners.

Portfolio Management

Identify and Support Management Needs

HGGC intends to pursue investment opportunities with capable portfolio company management teams and augment such management teams as necessary. During the due diligence process, and on an ongoing basis after closing each transaction, HGGC professionals are involved in monitoring portfolio companies, supporting management and assessing the talent resources needed. HGGC believes it has broad resources to develop or supplement these management teams, as warranted.

HGGC will work with portfolio company management to assist with the development of effective leaders and managers to strive towards optimal performance throughout the organization.

HGGC believes that one of the reasons it has been successful in executing such a high percentage of exclusive transactions is its cultural fit with the founder-owners, management teams and/or sponsors of the companies it acquires. HGGC approaches each opportunity with more than just a transaction orientation, an approach that HGGC believes is recognized and appreciated by the founder-owners, management teams and/or sponsors with whom it partners. In each case, HGGC must identify with the founder-owners, management teams and/or sponsors a shared vision for the company, its industry and management, and must demonstrate why HGGC is the right partner for that business.

Extensive Operational and Strategic Expertise

HGGC's investment professionals have diverse backgrounds including investment banking, management consulting, and finance and accounting and work actively with prior portfolio management teams seeking to improve profitability and enhance value. In addition, certain members of the team have public company experience as board members and/or senior officers.

The HGGC team collaborates extensively with each portfolio company management team seeking to set the strategic direction and operational objectives for each business. HGGC receives periodic reports outlining each company's performance relative to its operational and strategic objectives. Performance is measured across a variety of core operating metrics and strategic initiatives specific to each portfolio company's business plan. These reports, as well as frequent interaction with the management team, allow HGGC to play an active supporting role in each portfolio company's efforts to maximize value creation.

Expansive Network of World-Class Managers

HGGC's professional team members have been instrumental in completing numerous deals and have worked with a variety of managers. They have personal relationships with many successful managers who have demonstrated their ability to meet operational objectives. HGGC believes that these types of relationships are important for a private equity firm of its size and that the ability to recruit top managers to portfolio companies, as warranted, will lead to increased value creation.

Aligned Incentives

HGGC seeks to align the incentives of all participants in its transactions in an effort to best position a portfolio company in the market. These participants include HGGC's leadership and employees, who are investing a significant amount of capital in each of the transactions, members of the Operations Group, and the portfolio company management teams, who will be compensated based on meeting performance objectives, as well as founder-owners and/or selling sponsors who may rollover meaningful amounts of their equity in the HGGC-acquired portfolio company.

Portfolio Management Equity Rollover and Performance-Based Incentive Plans

HGGC believes that capable portfolio company management teams are an important element of the success of HGGC. In an effort to align these management teams with the Funds, HGGC seeks to have portfolio company managers that remain in leadership roles rollover a material portion of their equity in connection with the acquisition of the business by a Fund.

HGGC uses its extensive network to seek the best talent available as necessary to support its portfolio companies. Typically, portfolio company managers have compensation packages based on performance and have the ability to participate in the equity upside of their portfolio company.

Risks

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

In addition, as described more fully in the applicable Fund's offering documents, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

Leveraged Nature of Investments

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The Funds' investments often involve significant leverage, as a result of which recessions, operating problems and other general business and economic risks may have a pronounced effect on the profitability or survival of the Funds' portfolio companies. Also, increased interest rates generally increase portfolio company interest expenses. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts.

Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by a Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Highly Competitive Market for Investments

The business of identifying, structuring and completing transactions of the nature contemplated by the Funds is highly competitive and involves a high degree of uncertainty. The Funds will be competing for investments with other private equity investment vehicles as well as other institutional investors and strategic acquirers. The size and number of private equity investment vehicles has grown dramatically in recent years, and it is likely that these trends will continue in the future. There can be no assurance that the Funds will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, achieve targeted rates of return or fully invest committed capital. However, the limited partners will be required to bear Advisory Fees through such Fund during the commitment period based on the entire amount of the limited partners' commitments to such Fund and other expenses as set forth in the Governing Documents. An investor in limited partner interests must rely upon the ability of the Adviser to identify, structure and implement investments consistent with a Fund's investment objectives and policies.

Concentration of Investments

The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry sector or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised by a Fund is less than the targeted amount, such Fund may invest in fewer portfolio companies and thus be less diversified. In circumstances where the Adviser intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Financial Market Fluctuations

General fluctuations in the market prices of securities and economic conditions generally, particularly of the type experienced in the most recent financial crisis, may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the Funds' investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The capital markets have experienced volatility, and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by limited or costly credit markets or financial turmoil. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will remain liquid, and it may well experience future volatility. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private

equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance that the Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the portfolio company's value. Renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise, which may become more volatile.

Uncertain Economic, Social and Political Environment

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

Public Health Risk

As of the date of this brochure, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess

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

The extent of the impact of any public health emergency on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Funds' portfolio companies, the Funds' ability to source, manage and divest investments and the Funds' ability to achieve their investment objectives, all of which could result in significant losses to a Fund. In addition, the operations of a Fund, its portfolio companies, the relevant general partner and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Dynamic Investment Strategy

While a Fund generally intends to seek attractive returns primarily through making control-oriented equity investments in middle market businesses as described herein, a Fund may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. A Fund may pursue investments outside of the industries and sectors in which the principals of the Adviser have previously made investments or have internal operational experience.

Long-Term Nature of Portfolio Investments

It is anticipated there will be a significant period of time (several years) before a given Fund completes its investment program. Investments typically take from three to seven years or longer from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures may not provide liquidity for a Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of a Fund's investments will occur for a significant period of time after the first closing of the Fund.

Illiquidity; Restricted Nature of Investment Positions

An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. Furthermore,

the expenses of operating a Fund (including the Advisory Fee) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded commitments.

It is anticipated that all or a substantial portion of a Fund's investments will consist of securities that are subject to restrictions on sale by such Fund because they were acquired from the issuer in "private placement" transactions or because the Fund will be deemed to be an affiliate of the issuer. Generally, the Fund will not be able to sell these securities publicly without the expense and time required to register the securities under the Securities Act of 1933, as amended (the "Securities Act"), or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit limited sales under specified conditions. When restricted securities are sold to the public, the Funds may be deemed an "underwriter", or possibly a controlling person, with respect thereto for the purpose of the Securities Act and be subject to liability as such under that Act.

In addition, practical limitations may inhibit a Fund's ability to liquidate certain of its investments in portfolio companies since the issuer will be privately held and such Fund will own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The above limitations on liquidity of a Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

As a result of illiquidity or for other reasons as set forth in the Governing Documents, certain investments (including restricted or otherwise illiquid securities) may be distributed in kind to the limited partners of a Fund and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such limited partners. Limited partners therefore must be prepared to bear the risks of owning such securities for an indefinite period of time. In addition, after a distribution of securities is made to the limited partners, many limited partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such limited partners may be lower than the value of such securities determined pursuant to the Governing Documents, including the value used to determine the amount of Carried Interest available to the relevant general partner with respect to such investment.

Early-Stage and Start-Up Investments

A Fund may make investments in start-up and early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by a Fund will be successful.

Growth-Equity Transactions

A Fund may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies

may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Toehold Investments

A Fund may accumulate minority positions in the securities of potential portfolio companies, including public companies. While the Adviser may seek to achieve such accumulation through investments such as open market purchases, registered tender offers, negotiated transactions or private placements, a Fund may be unable to accumulate a sufficiently large position in a target company to execute its strategy. Moreover, such Fund may otherwise be unsuccessful in executing its strategy or may forego further implementation of its strategy. In addition, such Fund may dispose of its position in the target company at an inopportune time and there can be no assurance that the price at which such Fund can sell such securities will not have declined since the time of acquisition. This may be exacerbated by the fact that (i) securities of the companies that such Fund may target may be thinly traded, (ii) such Fund's position may nevertheless have been substantial, (iii) speculation following such Fund's investment may increase the securities' price, and (iv) such Fund's disposal may depress the market price for such securities, all of which will increase the risk of loss. Also, if a toehold investment is in publicly listed securities, certain filings may be required under the U.S. Securities Exchange Act of 1934, as amended, in respect of such toehold investment, including, without limitation, Form 3, Form 4, Form 13F, Form 13H, Schedule 13D filings and Schedule 13G filings. In addition, filings under the Hart-Scott Rodino Act may be required, as well as other filings with regulatory agencies if the investment is in a company that is in a regulated industry. Certain of these regulatory filing obligations could delay, impede or prevent a Fund from executing its investment strategy, or require advance disclosure of such Fund's plans, proposals or intentions pertaining thereto, any of which could negatively impact such Fund's investments or investment opportunities.

Material Non-Public Information

As a result of the operations of the Adviser and its affiliates, the Adviser may come into possession of confidential or material, non-public information. Therefore, the Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Need for Follow-On Investments

Following its initial investment in a given portfolio company, the Adviser may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment

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

Projections

Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Hedging Arrangements

The general partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks.

Certain hedging arrangements may create for the general partner of a Fund and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

Reliance on General Partners and the Adviser

Decisions with respect to the management of the Funds will be made by the general partners with the advice of the Adviser. The success of the Funds will depend on the ability of the general partners and the Adviser to identify and consummate suitable investments, to improve the operating performance of portfolio companies and to dispose of investments at a profit. There can be no assurance that all of the professionals of the general partners and the Adviser will continue

to be associated with the Funds throughout their terms. The loss of the services of one or more members of the professional staff of the Adviser or of the principals of the general partners could have an adverse impact on the Funds' ability to realize their investment objectives.

Other Activities of Principals of Adviser

The principals of the Adviser will devote such time as is necessary to conduct the affairs of the Funds in an appropriate manner. However, certain principals of the Adviser will be engaged in some activities unrelated to the Funds. In addition, the principals currently manage, and expect in the future to manage, other investment funds besides the Fund, and the principals may need to devote substantial amounts of their time to the investment activities of such other funds, which pose potential conflicts of interest in the allocation of the time of the principals. The performance of the Funds could be adversely affected by the other commitments of the principals of the Adviser.

Contingent Liabilities on Disposition of Portfolio Investments

In connection with the disposition of an investment in a portfolio company, the Funds often are required to make representations about the business and financial affairs of such company and to indemnify the purchasers of such investment if those representations are inaccurate. The Adviser intends to establish reserves as it deems appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of the Funds, the limited partners of the Funds may be required to repay to the Funds or to pay to creditors of the Funds distributions previously received by them.

Adverse Consequences of Ownership of Controlling Interest in Portfolio Companies

It is expected that the Funds will often own a controlling percentage of the common equity of portfolio companies which, depending upon the amount of equity owned by the Funds, contractual arrangements between the company and the Funds, and other relevant factual circumstances, could result in an extension to one year of the 90-day bankruptcy preference period with respect to payments made to the Funds. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, the Funds may often be thought to control, participate in the management of or influence the conduct of portfolio companies. This could expose the assets of the Funds to claims by a portfolio company, its other security holders, its creditors or governmental agencies.

Special Risks Associated with Offshore Investments

The Funds may invest a portion of their capital commitments in portfolio companies that are headquartered and that have their principal operations outside the United States and Canada. These investments involve special risks not typically associated with investments in the securities of U.S. issuers, including (a) economic, legal and political factors, such as the risk of expropriation, restrictions on repatriation of profits and political and social instability, (b) differences between the United States and foreign securities markets, including the absence of uniform accounting, auditing, and financial reporting standards in foreign markets and the relatively greater price volatility and illiquidity of foreign securities markets, (c) currency exchange risks, including the

cost of converting investment cash flows from one currency into another and the possibility of fluctuations in exchange rates, (d) tax-related issues, including the possibility of withholding taxes, confiscatory foreign taxes and the possibility of double taxation of income earned overseas, (e) civil disturbances and (f) government instability.

Conflicting Interests of Limited Partners

The Funds are likely to have a diverse range of limited partners that have conflicting interests stemming from differences in investment preferences, tax status and regulatory status. The Adviser will attempt to consider the objectives of the Funds and each of their respective partners as a whole when making decisions with respect to the selection, structuring and sale of portfolio investments. However, it is inevitable that such decisions may be more beneficial for one limited partner than for another limited partner.

The Adviser may be presented with opportunities to seek financing and other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in the lending business or other businesses, respectively. This has the potential to subject the Adviser to conflicts of interest, because although the Adviser selects lending and other service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of a Fund, the Adviser may have an incentive to pursue financing and other opportunities with certain limited partners because of its financial or other business interest, including a limited partner's historical or potential future relationship with the Adviser and Fund investments made or to be made by a limited partner. There is a possibility that the Adviser, because of a belief that a limited partner will invest or continue to invest in one or more investment funds managed by the Adviser or any of its affiliates, or for other reasons, may favor the retention or continuation of lending or other services from such limited partner even if better rates and/or quality of service could be obtained from another person. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular limited partner for lending or other services, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at a lower cost.

Failure to Achieve Investment Objectives

There can be no assurance that the Funds will be able to achieve their targeted returns or achieve their investment objectives. Any given investment made by the Funds may prove to be worthless. Investors in the Funds should be able to absorb a loss of some or all of the capital invested in the Funds.

Impact of Carried Interest Structure

The general partners, in respect of their Carried Interest, are entitled to a percentage of the net profits generated by the Funds but do not have to bear a percentage of the net losses suffered by the Funds. This feature may cause the general partners and the Adviser to make investments that have a greater risk/reward profile than would be the case in the absence of such a feature.

Valuation of Investments

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

Cybersecurity Risk

Cybersecurity risks to which operating companies are subject continue to be prevalent. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or investor data, the Adviser, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks.

Privacy and Data Protection Law Compliance Risk

The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations ("Privacy Laws") in the United States, Europe and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Adviser, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance

costs for the Adviser, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

For example, California has passed the California Consumer Privacy Act of 2018, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Adviser, the Funds and/or their portfolio companies.

The United Kingdom's (the "UK") Exit from the European Union (the "EU")

On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the EU ("Brexit"). After a number of iterations, the European Commission and the UK's negotiators reached agreement on the terms of the UK's withdrawal from the EU, and these terms have been approved by the UK and the EU Parliaments. The UK formally left the EU on January 31, 2020 after which the UK entered the transition period specified in the withdrawal agreement, which is scheduled to end on December 31, 2020. During this period, it is expected that the majority of the existing EU rules will continue to apply in the UK.

The terms of the UK's exit from the EU are still uncertain, including the UK's access to the EU single market permitting the exchange of goods and services between the UK and the EU. The UK expects to agree a deal on a future relationship with the EU by the end of the transitional period but whether this is possible is subject to disagreement by leaders of certain EU member states.

The future application of EU-based legislation to the private fund industry in the UK will depend, among other things, on how the UK renegotiates its relationship with the EU. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from the UK's exit from the EU may adversely affect both EU and UK-based businesses, including the Adviser and Fund portfolio companies. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

Absence of Regulatory Oversight

None of the Funds intends to register as an investment company under the Investment Company Act. Accordingly, investors will not benefit from the protections that would have been available to them if the Funds were registered under the Investment Company Act.

Lack of Unilateral Control

Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

Item 9. Disciplinary Information

Gary L. Crittenden, an Executive Director of HGGC, served as the Chief Financial Officer of Citigroup from March 2007 to March 2009. In July 2010, Mr. Crittenden entered into an order with the SEC in which the SEC found that he should have known that certain statements made by Citigroup, while he was the Chief Financial Officer of Citigroup, were materially misleading and he paid a civil monetary penalty of \$100,000. Mr. Crittenden did not admit any wrongdoing in connection with the matter or disgorge any amount to Citigroup, and he did not face a ban from any future activities.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

The Adviser is affiliated with other investment advisers subject to the Advisers Act pursuant to the Adviser's registration in accordance with SEC guidance. These advisers are Huntsman Gay Capital Partners Fund GP, L.P., Huntsman Gay Capital Partners Fund GP, Ltd., HG Private Investors GP, Ltd., HGGC Fund II GP, L.P., HGGC Fund II GP, Ltd, HGGC Fund III GP, L.P., HGGC Fund III GP, Ltd., HGGC Fund IV GP, L.P. and HGGC Fund IV GP, Ltd. These affiliated investment advisers operate as a single advisory business together with the Adviser and serve as general partners of the Funds and share common owners, officers, partners, consultants or persons occupying similar positions. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, officers and employees, as well as certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. In addition, the Code of Ethics requires Adviser Personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer (the “CCO”) as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Kurt A. Krieger, Chief Legal Officer, HGGC, LLC, 1950 University Avenue, Suite 350, Palo Alto, CA 94303.

Participation or Interest in Client Transactions

Certain employees of the Adviser invest in and alongside the Funds, either through the Funds’ general partners, through co-investment vehicles (as described below), as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, generally is permitted to reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons in accordance with the Governing Documents of such Fund. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds and providing transaction-related, investment advisory, management and other services to funds and operating companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the relevant Governing Document, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

From time to time and as permitted by the relevant Governing Document, the Adviser expects to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-investment vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, the Adviser's personnel, "friends of the firm" and/or certain other persons associated with the Adviser and/or its affiliates (e.g., a vehicle formed by the Adviser's principals to co-invest alongside a particular Fund's transactions). Co-investment vehicles generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. However, from time to time, for strategic and other reasons, a co-investment vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Adviser's sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. Such co-investment vehicles generally do not pay Advisory Fees or Carried Interest.

Resolution of Conflicts

As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;

- Many important conflicts of interest will generally be resolved by procedures, restrictions or other provisions contained in the relevant offering and/or Governing Documents for the Funds;
- Generally, each Main Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Material Conflicts

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

Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities

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

- The Funds;
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s);
- Fund investors and/or third parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Fund investors and/or third parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in the Funds’ Governing Documents. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds will participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund’s investment objectives, strategies and structure. A Fund’s investment objectives, strategies and structure typically are reflected in the Fund’s offering memoranda and Governing Documents. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** The Adviser typically is required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities is generally set forth in a Fund’s offering documents and/or Governing Documents;
- **Related Investments:** The Adviser may offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds; and
- **Legal and Regulatory Exclusions:** The Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory or contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds that will participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser considers some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each Fund’s investment objectives and investment focus;
- Transaction sourcing;
- Each Fund’s liquidity and reserves;
- Each Fund’s diversification;
- Lender covenants and other limitations;
- Amount of capital available for investment by each Fund as well as each Fund’s projected future capacity for investment;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each Fund’s portfolio;

- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and Governing Documents of each Fund.

The Adviser will seek to make all allocations of investment opportunities among the Funds in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Fund.

Subject to any Investment Allocation Requirements, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons and (iv) certain persons other than investors in the Funds (e.g., third parties including Capital Advisers and Operations Group members) may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, Capital Advisers, Operations Group members, consultants and other advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may, and typically will, be offered to one or more co-investors pursuant to the procedures included in such Funds' Governing Documents and as set forth in the following paragraphs.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and other potential co-investors, the Adviser may consider some or all of a wide range of factors, including, but not limited to, the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser may have that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds; and
- Whether the Adviser believes, in its sole discretion, that the candidate co-investor or co-investing entity offers special expertise or industry ties that may enhance the success of the investment.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the Adviser or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other investors with a given Fund, and the consideration of the factors set forth above may result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. When and to the extent that employees and related persons of the Adviser make capital investments in or alongside certain Funds, the Adviser is subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another

Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Fund investors and third parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, the Adviser may consider the factors listed above in exercising such discretion. Subject to any restrictions in the Governing Documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Fund investors or third parties to potentially acquire the interest being transferred.

The appropriate allocation between Funds, Fund investors and third parties of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the Governing Documents of the Funds, as applicable. In certain circumstances one Fund (the "Payor Fund") is expected to pay an expense common to multiple funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such Allocated Funds participate, or other fees or expenses in connection with services, the benefit of which are received by such Allocated Funds over time). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund. In certain circumstances, the Adviser is expected to advance amounts related to the foregoing and receive reimbursements from the Allocated Funds to which such expenses relate.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser has a potential incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, principal executive officers and other personnel of the Adviser invest indirectly in and may be permitted to invest directly in Funds and therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances present potential conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

The Adviser will allocate fees and expenses incurred in connection with the offering and management of a Fund between the Adviser and the Fund in accordance with the Fund's Governing Documents or to the extent not addressed in such Governing Documents in its sole discretion, in each case using good faith and its best judgment.

The Adviser will allocate fees and expenses related to investment opportunities to be borne by the Funds in accordance with the Fund's Governing Documents or to the extent not addressed in such Governing Documents in its sole discretion, in each case using good faith and its best judgment. In making such allocations, the Adviser will adhere to the following principles:

- The Adviser will determine expected allocations of an investment opportunity and will track and allocate fees and expenses associated with each investment opportunity (by use of deal codes or other appropriate methods);
- The Adviser will allocate expenses across Funds based on each Fund's pro rata expected participation in an investment opportunity, subject to any applicable Fund restrictions;
- The relevant investment teams will approve expenses that are allocated to the Funds;
- The Adviser will review the expected allocations as information regarding expected participation in the investment opportunity changes; and
- Once the participating Fund(s) have been identified and a final allocation has been determined, the Adviser amends all previously recorded expenses and fees to reflect the Funds' actual participation in an investment opportunity.

To the extent any other investment vehicles, including co-investment vehicles, participate in consummated transactions, the Adviser will allocate fees and expenses among the applicable Fund(s) and such other investment vehicles using the process described above. With respect to unconsummated transactions, the Adviser will determine to allocate expenses in a manner it deems appropriate, which historically has included determinations to allocate expenses solely to some investment vehicles and not others, or to allocate among investment vehicles under consideration for the unconsummated transaction in non pro rata percentages.

The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Funds and other investment vehicles have different expense terms, which may result in the Funds and certain investment vehicles bearing different levels of expenses with respect to the same investment

Conflicts Related to Purchases and Sales

Potential conflicts arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to

credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of investments. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain clients of the Adviser may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund may be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. Because of the different legal rights associated with debt and equity of the same portfolio company, the Adviser may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

Employees and related persons of the Adviser have made or may make capital investments in or alongside certain Funds and therefore may have additional conflicting interests in connection with these investments. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Adviser and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

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

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

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from, or sell investments to, another Fund, co-investor or co-investment vehicle. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees or to support the value of portfolio companies owned by the selling Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment’s fair value. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) typically have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates typically receive management or other fees in connection with their management of the relevant Funds involved in such a transaction and also are typically entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Governing Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds’ resulting ownership of investments is generally proportionate to the relative capital commitments of the Funds). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser’s CCO, in consultation with the Adviser’s Chief Executive Officer, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm’s length transaction with a third party and (iii) obtains any required approvals of the transaction’s terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based

compensation for effecting any such transaction, and the Adviser will not affect any such transaction for any Fund where the Adviser may be deemed to own more than 25% of the Fund unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Adviser's management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the Governing Documents or offering documents of the Funds generally contain additional restrictions on the ability of the Funds or the Adviser to engage in principal transactions.

Management of the Funds

The Adviser manages a number of Funds that have investment objectives similar to each other. The Adviser may in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities" above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including Funds that may be raised in the future. Potential conflicts of interest arise in allocating time, services or functions of these officers and employees.

The Adviser's principals currently manage, and expect in the future to manage, several other investments similar to those in which any particular Fund will be investing and may direct certain relevant investment opportunities to those investments. The Adviser's principals and investment staff will continue to manage and monitor such investments until their realization. Such other investments may potentially compete with companies acquired by any particular Fund.

The Funds may enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangement when the Adviser determines it is in the best interests of the Funds. If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner may enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these

agreements, the Adviser may be subject to conflicts of interest, for example, between a Fund with a reimbursement obligation and a Fund seeking reimbursement.

Follow-on Investments

Investments to finance follow-on acquisitions present potential conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Potential conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the General Partners and the Adviser

The Adviser generally may, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost. The Governing Documents of the Funds generally contain restrictions on the ability of the Adviser or the general partner of the Funds to engage related persons in such transactions.

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

provider is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

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

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds may only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure may create an incentive to deploy capital when the Adviser or its affiliate receiving the Advisory Fees may not otherwise have done so.

Additionally, as discussed above in Item 6, the general partners of the Main Funds are entitled to Carried Interest under the terms of the limited partnership agreements of such Main Funds. Such general partners are affiliates of the Adviser. The existence of the general partners' Carried Interest may create an incentive for the general partners to cause such Main Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Related Services

As described in Item 5 above, the Adviser and its affiliates expect to perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to the Adviser or its affiliate. Consistent with the Funds' Governing Documents, the Adviser incurs expenses, and a portfolio company typically reimburses the Adviser for expenses (including without limitation travel expenses, which include expenses for chartered or first class travel and, in certain cases, meals and entertainment) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements are not subject to the sharing arrangements described below. This creates a conflict of interest between the Adviser and the Funds and their investors because the amounts of these fees and reimbursements

over time are expected to be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. The Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, management teams, the board of directors of or lenders to portfolio companies and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Advisory Agreement and/or Governing Documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and certain employees of the Adviser invest alongside the Funds) may have a right to share in such fees, and Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

Diverse Investor Base with Conflicting Interests

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, potential conflicts of interest arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, the Adviser will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Capital Advisers and Operations Group

The Adviser has established a network of relationships with individuals referred to as Capital Advisers intended to augment the number of potential investments considered by the Funds. This program aims to extend the personal networks of the principals of the Adviser to include the personal networks of the Capital Advisers and thereby opportunistically identify additional acquisition targets (including platform acquisitions as well as add-on acquisitions to existing portfolio companies). Capital Advisers may be compensated, in the discretion of the Adviser or its affiliates, by the Adviser, may be paid finder's fees by a Fund or a Fund portfolio company in connection with an investment made by such Fund or Fund portfolio company or in many cases may be paid by a portfolio company in connection with services provided to such portfolio company. In addition to cash fees, compensation structures are expected to include securities of a portfolio company and/or a share of proceeds upon sale of a portfolio company. Additionally, portfolio companies may provide opportunities for Capital Advisers to invest in such portfolio company and reimburse costs and expenses incurred by Capital Advisers.

In addition, as discussed above in Item 6, the Adviser, the Funds and the portfolio companies are expected to retain the Operations Group and its members to provide Operational Services. Subject to the relevant Governing Documents, fees and expenses (including, without limitation, travel expenses) associated with the Operational Services (collectively “Consulting Fees and Expenses”), generally are paid and/or reimbursed by applicable portfolio companies and/or a Fund. As described further herein and in the Governing Documents, Consulting Fees and Expenses, including those paid to the Operations Group or its members, will not offset or reduce the Advisory Fee and, thus, will not be covered by the Advisory Fee. Compensation of Operations Group members may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Group member, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Consulting Fees and Expenses also may include a profits or equity interest in a portfolio company or other incentive-based compensation to the Operations Group member.

Consulting Fees and Expenses will, from time to time, also be incurred in respect of portfolio companies and targets that do not become portfolio companies. In the event the Operations Group (directly or indirectly) provides services with respect to the Funds, such Consulting Fees and Expenses will be allocated among the Funds as determined by the Adviser or relevant general partner, as applicable, in a fair and equitable manner consistent with the treatment of other Broken Deal Expenses. The Adviser’s or relevant general partner’s determination as to the allocation of such Consulting Fees and Expenses shall be binding on the relevant Fund and its investors.

The Adviser generally has discretion over whether to charge fees to or require other compensation from (or seek reimbursement from) a portfolio company in connection with services provided by the Operations Group and, if so, the fee rate or amount. The receipt by the Operations Group of such fees or other compensation gives rise to conflicts of interest between a Fund, on the one hand, and the Adviser and its affiliates, on the other hand. Such potential conflicts of interest include the determination by the Adviser whether certain costs or expenses that are incurred in connection with services provided by the Operations Group constitute expenses for which a Fund or a portfolio company is responsible under the relevant Governing Documents or portfolio company transaction document or services agreement, as applicable, or whether such expenses should be borne by the Adviser. The Adviser’s determination regarding the allocation of such expenses is binding on a Fund and/or the relevant portfolio company. Although there can be no assurance that there will be no errors in allocating such expenses, the Adviser makes such determinations in a fair and equitable manner, consistent with its fiduciary obligations, in accordance with the Governing Documents or portfolio company transaction document or services agreement, as applicable, and pursuant to the Adviser’s policies and procedures regarding the allocation of expenses.

Certain Capital Advisers and Operations Group members also have a limited partner interest in the general partners and/or one or more Funds, receive remuneration (including carried interest) from the Adviser and/or its Funds or affiliates and/or are entitled to other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to Capital Advisers and Operations Group members will not reduce or offset the amount of Advisory Fees of any Fund as described herein. Such compensation is not otherwise covered by the Advisory Fee. Although the use of Capital Advisers and the Operations Group and the allocation of compensation paid to them

by the Adviser, its affiliates and/or the portfolio companies subjects the Adviser and/or its affiliates to potential conflicts of interest, the Adviser believes that such potential conflicts may be reduced if, among other things, the services of the Capital Adviser or relevant Operations Group members align with the Adviser's model for the portfolio company and improve portfolio company performance. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners and seeks to retain only Capital Advisers and service providers (including the Operations Group) which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Business with Portfolio Companies and Investors

Given the Funds' controlling interests in portfolio companies and the collaborative nature of the Adviser's business in relation to the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of recommending portfolio company services to other portfolio companies. The Adviser has a potential conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies in which the Funds have invested.

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

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

The Adviser may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company).

The Adviser has service providers, including for example, its network of Capital Advisers, investment bankers, outside legal counsel and pension consultants, who are investors in Funds and/or who provide services to businesses that are competitors of the Adviser. The Adviser has a potential conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services that are beneficial to the Adviser. There is a possibility that the Adviser,

because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

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

Positions with Portfolio Companies

Employees of the Adviser typically serve as directors of portfolio companies of the Funds. Such employees are required to remit any remuneration they receive as directors to the applicable Funds. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

Side Letter Agreements

The Adviser and/or its affiliates generally enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights and liquidity or transfer rights.

Borrowings

From time to time, the Adviser may advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the Governing Documents.

In borrowing on behalf of a Fund, the Adviser is subject to conflicts of interest between repaying such obligations and retaining borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the general partner called capital and thus could result in the relevant general partner receiving carried interest sooner than it would without borrowing. In addition, when the Advisory Fee is calculated as a percentage of invested capital, a limited partner may pay Advisory Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or

maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Other Potential Conflicts

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds and the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser and the Funds in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds.

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

A Fund may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, the Adviser or its related persons subject to any investment restrictions in the Governing Documents of such Fund. In such a case, investors in such Fund will bear not only the direct Advisory Fees and other expenses associated with their investment in the Fund, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

The Governing Documents of certain Funds permit the general partner of each such Fund to cause such Fund to distribute such general partner's share of securities resulting from an investment disposition by such Fund to such general partner or its affiliates in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the general partners and the limited partners of the applicable Fund, because the general partner may have an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the general partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners).

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

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

Accordingly, should the Adviser or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public companies, the Adviser generally would be prohibited from communicating such information to clients, and the Adviser will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

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

Item 12. Brokerage Practices

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

Selection of Brokers and Dealers

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

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of Electronic Communications Networks when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

Aggregation of Trades

The Adviser may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions may enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser may combine orders on behalf of Funds with orders for other Funds for which it has trading authority, or in which it has an economic interest. In such cases, the Adviser generally aggregates trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction. If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation shall be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13. **Review of Accounts**

Oversight and Monitoring

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

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as quarterly performance reports within 60 days after each fiscal quarter end. The Adviser and the applicable general partner, if any, may from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. The Adviser will typically perform management, advisory, monitoring, transaction consulting, financial advisory and other services for, and in connection with such services generally will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Fund, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

While not a client solicitation arrangement, the Adviser may, and likely will, from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such fees are generally paid by the Adviser or Advisory Fees received by the Adviser are generally reduced by the amount of such fees, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

Item 15. **Custody**

The Adviser is deemed to have “custody” over the Funds’ assets for purposes of Rule 206(4)-2 under the Advisers Act. To comply with this Rule, each Fund’s assets must be held with qualified custodians to the extent required by the Rule; these qualified custodians may include prime brokers, banks and other broker-dealers. In addition, audited financial statements are delivered to each limited partner within 120 days following such Fund’s fiscal year-end. If a delivery error has caused a limited partner not to receive access to audited financial statements in a timely manner, such limited partner should contact the Adviser’s CCO. The Adviser generally maintains custody of certain assets held in the name of one or more Funds with the following qualified custodians:

- First Republic Bank, 111 Pine Street, San Francisco, CA, 94111; and
- Pershing LLC, One Pershing Plaza, Jersey City, NJ, 07399.

The Adviser has retained BTIG, LLC (“BTIG”) to serve as an introducing prime broker for one or more Funds. Pershing LLC (“Pershing”) acts as a clearing agent and custodian for one or more Funds. The services that Pershing provides as a custodian may include providing custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage and custody agreements entered into with the Adviser. The Adviser may receive other services from BTIG and Pershing which may include technology services (such as internet access, IT support, Bloomberg connections, wireless networking, email archiving and disaster recovery systems), capital introduction services, portfolio reporting and access to electronic communications networks.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents or offering documents of the applicable Fund and generally involve certain diversification requirements, geographic limitations or requirements pertaining to structuring investments to address certain tax consequences to one or more investors in a particular Fund. Additionally, pursuant to the terms of the Governing Documents of the applicable Fund, however, the Adviser enters into side letter agreements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

The assets of a Feeder Vehicle are invested in a Main Fund.

Item 17. **Voting Client Securities**

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or Governing Documents and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

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

Funds generally cannot direct the Adviser’s Vote.

All Voting decisions initially are referred to the Adviser’s CCO or appropriate investment professional for a voting decision. In most cases, the Adviser’s CCO or investment professional covering the particular investment will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Adviser’s CEO as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds’ holdings. The Adviser’s proxy voting guidelines (“Proxy Guidelines”) state the general view and expected vote of the Adviser under a majority of circumstances with respect to the issues addressed therein.

The Adviser’s CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. No conflicts of interest review will be required for any vote taken in accordance with the Proxy Guidelines. Any vote not taken in accordance with the Proxy Guidelines, however, will require a mandatory conflicts of interest review by the Adviser’s CCO, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser’s CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

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

Copies of relevant proxy logs identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Kurt A. Krieger, Chief Legal Officer, HGGC, LLC, 1950 University Avenue, Suite 350, Palo Alto, CA 94303.

Item 18. Financial Information

The Adviser does not require prepayment of Advisory Fees more than six months in advance or have any other events requiring disclosure under this item.

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

Item 19 is not applicable to HGGC.