

Item 1. Cover Page

**Francisco Partners Management, L.P.
Part 2A of Form ADV
(the “Brochure”)**

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This Brochure provides information about the qualifications and business practices of Francisco Partners Management, L.P. (“**FP**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact us at (415) 418-2900 or via email at compliance@franciscopartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

FP is a registered investment adviser. Registration with the SEC does not imply a certain level of skill or training.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein.

Additional information about FP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This Brochure contains no material changes since FP filed its other-than-annual amendment on September 3, 2019, except as pertains to the sections titled “Fees and Compensation” (Item 5), “Methods of Analysis, Investment Strategies and Risk of Loss (Item 8), and “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” (Item 11). We encourage all recipients of this Brochure to read it carefully in its entirety. In addition, FP routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices.

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Item 4. Advisory Business

Francisco Partners Management, L.P. (together, where the context permits, with the General Partners (as defined below) and other affiliates that provide advisory services to, and/or receive management fees from, the Funds (as defined below), “**FP**” or the “**Firm**”), a registered investment adviser, provides investment advisory services to investment vehicles and may in the future provide such services to separately managed accounts or similar arrangements (collectively, “**Funds**”)¹ that are exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The Funds’ securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and are privately placed to qualified investors in the United States and elsewhere.

FP was converted to a Delaware limited partnership in 2012 but is part of a private investment firm originally founded in 1999. FP is owned by its senior management and no individual owns 25% or more of the Firm.

FP provides discretionary investment management services through affiliated general partners of the Funds (the “**General Partners**”). The General Partners may or may not be under common control with FP, but possess a substantial identity of personnel and/or equity owners with FP. Each General Partner operates as a single advisory business with FP and is deemed registered under the Advisers Act, in accordance with SEC guidance, pursuant to FP’s registration.

The primary focus of FP’s investment advisory activity is researching and advising on private equity investments, including buyouts, divisional divestitures, recapitalizations, restructurings, and growth equity in middle market and lower-middle market technology companies, with such investments generally referred to herein as “**portfolio companies**.” Certain Funds focus primarily on investing in middle-market opportunities, while other Funds focus primarily on investing in smaller, lower-middle market opportunities. Such investments often take the form of privately negotiated investment instruments including unregistered equity from both U.S. and non-U.S. issuers. In addition, to extend FP’s considerable domain expertise and intellectual property into the credit markets, FP has a credit business segment (“**FP Credit**”) for which it provides investment advisory services to Funds focused on tech-enabled credit and other credit strategies (each a “**Credit Fund**”). Although the primary focus of each Fund (other than a Credit Fund) is on middle market or lower-middle market technology private equity investments, FP will, from time to time, recommend other types of investments, including investments in public companies, consistent with the respective Fund’s investment strategy and objectives, as described in the applicable private placement memorandum and/or limited partnership or other operating agreement or governing document (each, a “**Fund Agreement**”) of each Fund.

FP generally provides investment advisory services to each Fund pursuant to a separate investment advisory agreement (each, an “**Advisory Agreement**”). Investment advice is provided by FP directly to the Funds, subject to the direction and control of the affiliated General Partner of such Fund. Persons or entities that invest in the Funds are referred to in this Brochure as “**investors**” or “**limited partners**.” FP provides investment advice and other services directly to the Funds

¹ Where applicable, includes wholly owned subsidiaries and alternative investment vehicles related to transactions with the Funds.

and not individually to the investors of such Funds. The applicable General Partner of each Fund generally enters into side letter agreements with certain investors in the Funds (“**side letters**”), establishing rights under, or supplementing or altering the terms of, the applicable Fund Agreements and subscription agreements relating to such Fund with respect to such investors, including by providing, among other things, different information rights, co-investment rights and other economic rights that may be material, reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights, and liquidity or transfer rights. Such additional rights, terms or conditions are generally disclosed to all limited partners of the relevant Fund(s), and, subject to specific disclosed exceptions and FP policies, are generally also offered to all investors in the applicable Fund(s).

Additionally, from time to time, pursuant to the terms of the Fund Agreement of the applicable Fund, FP expects to provide (or to agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to Funds, as well as certain clients and other parties that may have a relationship with FP, such as limited partners, other private fund sponsors, corporates, certain strategic advisors, and single investor vehicles, as described in Item 11 below.

Any restrictions on investments in certain types of securities are established by the General Partner of the applicable Fund and are set forth in the documentation received by each limited partner prior to investment in such Fund. Once invested in a Fund, investors cannot impose restrictions on the types of securities in which such Fund can invest.

As of December 31, 2019, FP managed approximately \$13,032,393,622 of Fund assets, all of which is managed on a discretionary² basis.

FP does not currently participate as investment manager in any wrap fee programs.

² FP does not have ultimate investment discretion with respect to the assets of any Fund as such discretion is retained by the applicable General Partner of each Fund.

Item 5. Fees and Compensation

The information contained herein is a summary only and is qualified in its entirety by the relevant Fund Agreement. It is critical that investors refer to the relevant Fund Agreement for a complete understanding of expenses they may pay through an investment in the Funds.

As compensation for investment advisory services rendered to the Funds, FP receives from each Fund an annual management fee typically calculated based on committed capital or remaining invested capital with respect to each Fund, payable either: (i) quarterly (in advance); or (ii) semi-annually (with each installment representing a payment in arrears for the one quarter-month period preceding the due date and in advance for the five and three quarter-month period following the due date). Installments of the management fee payable for any period other than a full quarterly or semi-annual period are adjusted on a pro rata basis according to the actual number of days in such period. Upon termination of an Advisory Agreement, management fees that have been prepaid but have not been earned are generally returned on a prorated basis. Management fees paid by a Fund are indirectly borne by the investors in such Fund. As described below, FP is permitted to reduce or waive the management fee in some circumstances in connection with the receipt by FP or its related persons of various fees paid by actual or prospective portfolio companies.

The management fee is also generally subject to waiver or reduction by the General Partner of such Fund, in its sole discretion, in connection with investments made in the Funds by the applicable General Partner or certain affiliated or related parties. The fee structures described herein may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund.

Certain waived portions of the management fee are treated by the Fund Agreement of the relevant Fund as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf. Any such contribution reduces the amount of capital contributions the relevant General Partner would otherwise be required to contribute to the relevant Fund. Any balance of fees or waivers eligible for offset against the management fee which have not been offset by the subsequent reduction of the management fee prior to the dissolution of a Fund shall be paid by the General Partner to the investors.

Funds will also allocate a portion of their investment profits to their General Partners, as a “**carried interest**,” as discussed in Item 6 below.

In addition to the management fee and carried interest payable to FP and the General Partners, respectively, each Fund bears certain expenses. As set forth more fully in the applicable Fund Agreement of each Fund, each Fund bears all expenses relating to such Fund's activities, investments, and business to the extent not reimbursed by a portfolio company, including fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, sourcing, investigating, developing, researching, financing, re-financing, holding, managing, operating, valuing, dissolving, winding up, liquidating, restructuring, taking public or private, selling or otherwise disposing of such Fund's investments, interest, legal, auditing, consulting (including fees of affiliated consultants), research (including any research or other service that may

be deemed to be bundled for the benefit of such Fund), as well as the information technology systems used to obtain such research and other information, accounting, administration, brokerage, depositary (including pursuant to the EU Alternative Investment Fund Managers Directive (2011/61/EU)), costs associated with a Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act and the implementation thereof), third party diligence software and service providers, subject and industry-matter research and experts, custody, account, finder fees and expenses, insurance premiums for director and officer liability and errors and omissions insurance, cybersecurity insurance premiums and extraordinary administrative or operating expenses, including insurance of which FP and its affiliates are beneficiaries, preparation and filing of financial statements, tax returns, reporting, registration, advisory board expenses (including set-up costs, speaker fees, honorarium, dining, entertainment, travel, and travel-related expenses), limited partner meetings and related meal and entertainment expenses, travel (including, where appropriate, meal and entertainment expenses, and as specified in the applicable Fund Agreement, first class commercial airfare or the cost in excess of first class commercial airfare on a limited basis), extraordinary expenses and other similar fees and expenses, including such fees and expenses, or other liabilities or obligations, incurred for transactions not consummated (“**Broken Deal Expenses**”) (including those attributable to transactions in which co-investment may have been contemplated), organizing, maintaining, administering, operating, and negotiating joint ventures arrangements and platform investments, and expenses associated with a Fund’s compliance with applicable laws and regulations, including regulatory filings as they relate to the Funds’ activities, out-of-pocket costs and expenses, if any, associated with any third party examination or audits (including similar services) of a Fund or FP that are attributable to the operation of such Fund or requested by one or more investors in a Fund, expenses incurred in connection with complying with provisions in investor side letter agreements, including “most favored nation” provisions, the costs and expenses of hosting annual or special meetings of the Funds’ investors (including set-up costs, speaker fees, honorarium, dining, entertainment, travel, and travel-related and other expenses). Each Fund also bears expenses indirectly to the extent a portfolio company pays expenses, including certain expenses of FP and/or its affiliates. Except as described above as a “**Fund Expense**”, each General Partner generally will pay all ordinary administrative and overhead expenses incurred in connection with maintaining and operating its office(s), including employees’ salaries, rent, utilities, and similar overhead expenses, as specified in the applicable Fund Agreement. As is typical for private investment funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds.

FP, from time to time, engages one or more fund administrators or similar service providers to perform certain functions in relation to the Funds, which services may include coordination of the Funds’ legal entity management function, execution and recordkeeping associated with applicable tax elections and filings, support for the valuation process and investor correspondence, investor data management and reporting requests as well as data collection required for various regulatory reporting with which the Funds are required to comply. In certain instances, employees of such service providers dedicate substantially all of their time to the Funds. These expenses related to such service provider employees are borne by the Funds.

From time to time, the General Partner of a Fund creates certain “special purpose vehicles” or similar structuring vehicles for purposes of accommodating certain tax, legal, and regulatory

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

For certain Funds, expense reimbursements are payable to FP or its affiliates. The nature of these expense reimbursements is disclosed to investors in the relevant Fund Agreements. Additionally, portfolio companies may reimburse certain expenses to FP or its affiliates including, without limitation, travel expenses, which may include expenses for first class travel, private car travel, meals and entertainment expenses (including, as applicable, transportation and meals), social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers, expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses incurred by FP in connection with its performance of services for such portfolio company. These expense reimbursements are in addition to the management fees discussed above as well as similar expense reimbursements in connection with services provided by Francisco Partners Consulting, LLC (“**FP Consulting**”) as described more fully below in this Item 5.

In certain circumstances, one Fund is expected to pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds by their share of such expense. In certain circumstances, FP is expected to advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate. Such allocations require judgments as to methodology that FP makes in good faith but in its sole discretion. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance. The Funds have different expense reimbursement terms, including with respect to management fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment. In addition, there may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Fund. Subject to the Fund Agreements, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Funds.

From time to time FP will be required to decide whether certain fees, costs, and expenses should be borne by a Fund, on the one hand, or FP on the other hand, and/or whether certain fees, costs, and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or, expenses may be

allocated among multiple Funds and entities. FP allocates fees and expenses in accordance with the relevant Fund Agreements.

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

As described below in Section 11, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to FP's related policies and the relevant Fund Agreement and/or side letter(s). In addition, FP will advise one or more dedicated co-investment vehicles that it expects will invest in some or all of the Funds' investments suitable for co-investment. Consistent with the Fund Agreement of a Fund, if a portfolio company-specific co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the instance of a portfolio company-specific co-investment vehicle, if a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, Broken Deal Expenses relating to such unconsummated transaction are generally borne entirely by the Fund(s), 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 formally committed to a co-investment or other vehicle in connection with such transaction, such vehicle would likely bear its share of such Broken Deal Expenses. Similarly, in the instance of a dedicated co-investment vehicle, Broken Deal Expenses will generally be paid entirely by the Fund(s) and not by such dedicated co-investment vehicle (except to the extent the dedicated co-investment vehicle has, in its sole discretion, agreed to do so with respect to specific investment opportunities in the binding transaction documents for such investment). Any Broken Deal Expenses borne by the Funds in accordance with this paragraph will be allocated to the Fund or Funds selected by FP as proposed investors for such proposed transaction as described above in this Item 5.

In addition, FP and its affiliates have discretion to (i) receive performance-based compensation, management fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are the subject of co-investment arrangements.

FP and its affiliates typically perform management, advisory, transaction-related services, financial advisory, and other services ("**Related Services**") for actual or prospective portfolio companies or other deal-related investment vehicles of the Funds, including services in connection with mergers, acquisitions, add-on acquisitions, financings, refinancings, dividend recapitalizations, public offerings, sales, and similar transactions. FP and its affiliates from time to time receive cash, equity, and other non-cash fees for such Related Services which have historically and could in the future exceed the management fee. In certain cases, such fees will be paid in securities of portfolio companies or investment vehicles (or rights thereto) or otherwise. In such event, the recipient may act in their own interest with respect to the securities received as a Related Service fee, including, for instance, determining to sell the distributed securities, or hold

the distributed securities for such time as such recipient shall determine. The ability of such recipients to act in their own interest with respect to the securities received as a Related Service fee creates a conflict of interest between FP, as an adviser to a Funds, and its affiliates, on the one hand, and the Fund on the other hand because the recipient's interests may not be aligned with those of the Funds and the recipient may determine sell the securities received at a different time, or on different terms, then the Fund would sell its interest.

Although Related Services fees are in addition to the management fees paid by the Funds, FP will, in some circumstances, reduce future management fees in connection with the receipt of these Related Services fees. The calculation of such reduction varies from Fund to Fund and is described in the applicable Fund Agreement. Generally, under the terms of the applicable Fund Agreement or Advisory Agreement, for purposes of calculating a reduction, such fees charged in connection with the Related Services are net of out-of-pocket expenses incurred by FP in connection with consummated or unconsummated transactions or in connection with generating any such fees. Additionally, any placement fees paid by the Funds in connection with arranging the Funds result in a reduction of management fees. All such reductions will be credited on a regular basis and, in general, in the subsequent quarterly or six month period, as applicable. To the extent any such credit would reduce the management fee for a given management fee period below zero, such credit will be carried forward for future application. To the extent any such excess remains unapplied upon dissolution of a Fund, each partner of such Fund generally will receive its share of such unapplied excess, unless such partner elects not to receive its share. Generally, the portion of the fees subject to offset allocable to capital invested by a Fund, co-investment vehicle or third party investor that does not pay management fees or to capital committed by a Fund investor that does not pay management fees will be retained by FP and such amounts will not offset the management fee. The amount of these fees is disclosed in the annual financial statements of the applicable Fund.

Certain other fees and reimbursements that are generally not considered a Related Services fee and do not reduce the management fee payable by a Fund include (but are not limited to) the following: (i) fees or expenses borne by a Fund directly; and (ii) any amounts paid by a former portfolio company, such as directors' fees a former portfolio company pays an FP professional who remains on the company's board of directors following the Fund's disposition of its investment in the company.

From time to time, FP may (in its sole discretion) agree to pay a portion of a Related Service fee received from an actual or prospective portfolio company to a third party ("**Third Party Fee**"), such as a consultant, advisor, finder, broker, and/or investment bank. In such event, the Third Party Fee is not a fee that FP is entitled to retain and therefore, FP is not required under the terms of the applicable Fund Agreement to share such Third Party Fee with the Funds.

In many cases, with respect to the implementation of the arrangements described above, there is not an independent third party involved on behalf of the relevant portfolio company. FP and/or its affiliates 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 ability to charge such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and FP and/or its affiliates on the other hand.

Funds and their portfolio companies engage FP Consulting to provide management and operational consulting services. Therefore, Funds, either directly or through the portfolio companies in which they invest, bear the cost of such consulting services provided by FP Consulting. FP Consulting is not an affiliate of FP. FP Consulting is owned by its senior management and FP Consulting service providers are generally referred to by FP as operating partners (“**Operating Partners**”) and/or operating advisors (“**Operating Advisors**”). FP Consulting brings deep operational expertise to its engagements with portfolio companies and the Funds. FP Consulting services generally include performing operational analyses, establishing best practices at portfolio companies, identifying, diagnosing and addressing operational issues at specific portfolio companies, serving as an executive or similar officer of a portfolio company or subsidiary thereof, serving as a director of a portfolio company or subsidiary thereof, supporting carve-out activities in corporate divestiture investments, assisting with operational due diligence reviews of prospective investments and from time to time also provide “front office” functions with respect to a Fund, such as sourcing or other investment-related functions. The nature of the relationship between the Funds or their portfolio companies, on the one hand, and FP Consulting and its Operating Partners and Operating Advisors, on the other hand, may vary significantly depending on the nature of the engagement. Such engagements may be memorialized in a formal written agreement or may be informal and are negotiated individually between FP Consulting and each Fund or portfolio company, depending upon the anticipated services to be provided. Certain Operating Partners or Operating Advisors may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. Operating Partners and Operating Advisors may be offered the ability to co-invest alongside Funds or may, under certain circumstances, be offered the opportunity directly by the portfolio company to invest in the company, including in investments in which such Operating Partner or Operating Advisor is involved or participates in the management thereof.

FP Consulting fees, including compensation paid to FP Consulting’s Operating Partners and Operating Advisors (which may include cash compensation, portfolio company stock options, and/or carried interest in the Funds), as well as expense reimbursements, are retained by FP Consulting, are not shared with FP, and do not reduce the management fees paid by the Funds. FP and/or the applicable General Partners have discretion over whether to charge consulting fees to a portfolio company and, if so, the fee rate or amount. FP Consulting fees will, from time to time, also be incurred in respect of portfolio companies and targets that do not become portfolio companies. In the event FP Consulting (directly or indirectly) provides services with respect to the Funds (or to the extent such services are provided without reference to a particular portfolio company), such FP Consulting fees will be allocated among the Funds as determined by the General Partner or FP, consistent with the Fund Agreements of the applicable Funds and consistent with the treatment of other Broken Deal Expenses. The General Partner’s determination as to the allocation of such fees and expenses shall be binding on the Fund and its investors.

The fact that FP Consulting charges consulting fees and other compensation to the Funds and portfolio companies may give rise to potential conflicts of interest between the Funds, on the one hand, and FP and or its affiliates, on the other hand, as discussed under *Conflicts of Interest* in Item 11 below. However, FP believes engaging FP Consulting to perform these services is in the best interest of the Funds.

When FP utilizes the services of broker-dealers for limited purposes relating to transaction-related services for a Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, see Item 12 below.

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

Funds other than Parallel Funds (as defined below) allocate a portion of their investment profits to their General Partners, which are affiliated with FP, as a carried interest, as set forth in each Fund Agreement and briefly discussed above in Item 5. Such allocation of profits is only allocated to the General Partner when specific conditions are met, including that a preferred return on such investment has been achieved. Funds also allocate a portion of their investment profits to their General Partners in relation to previous management fee waivers or reductions by the General Partner of such Fund in connection with investments made on behalf of the General Partner. The General Partners' entitlement to performance-based allocations may create an incentive for FP to take risks in managing the Funds that it would not otherwise take in the absence of such performance-based arrangements, although FP generally considers performance-based compensation to better align its interests with those of its investors. Each General Partner of a Fund is a related person of FP. Carried interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds may incur lower or no carried interest.

As described above, the General Partners receive a carried interest allocation on certain profits in the Funds. FP also advises private funds that are not subject to management fees or performance-based compensation (the "**Parallel Funds**"). While this practice could present a conflict of interest, FP does not believe this arrangement poses a conflict of interest in practice because such Parallel Funds invest in parallel with the Funds that are subject to carried interest. Such investments are generally made and disposed of on the same terms and on a pro rata basis. FP also advises a legacy private fund that is not subject to management fees or a carried interest (the "**Employee Fund**"). FP does not believe the Employee Fund poses a conflict of interest in practice because the Employee Fund co-invested alongside the Funds only to the extent there was an excess investment opportunity that could be allocated to the Employee Fund, and such investment was then made in accordance with the applicable Fund Agreement and FP's investment allocation policy.

The payment by some, but not all, Funds of carried interest, or the payment of carried interest at varying effective rates based on the performance of a Fund, creates an incentive for FP to disproportionately allocate time, services or functions to Funds paying carried interest at a higher effective rate, or to allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Fund Agreements of the Funds, this conflict is mitigated, at least in part, by: (i) certain limitations on the ability of FP 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. See also Item 11 below regarding allocation, including with respect to overlapping investment strategies, for additional information relating to how conflicts of interests are generally addressed by FP.

Item 7. Types of Clients

As described in Item 4 above, FP provides discretionary investment management services to the Funds in accordance with the terms of the Fund Agreements. The Funds are generally domestic and foreign limited partnerships, limited liability companies, and other vehicles that are not registered or required to be registered under the Investment Company Act. In addition, the securities issued by the Funds are not registered or required to be registered under the Securities Act and are generally privately placed to qualified investors in the United States and elsewhere. Investment in the Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors” and/or “qualified purchasers,” within the meaning of Rule 501 of Regulation D under the Securities Act, and as defined in Section 2(a)(51) of the Investment Company Act, respectively.

Investors include, among others, governmental and corporate pension and profit-sharing plans, endowments, private investment funds, insurance companies, sovereign wealth funds, funds of funds, family offices, and certain high net worth individuals. All investors are subject to applicable suitability requirements. Also, an employee who qualifies as a “knowledgeable employee” within the meaning of Rule 3c-5 of the Investment Company Act may make a capital commitment to one or more of the Funds. Additionally, other persons associated with the Firm and/or its affiliates, including the General Partners, and personnel of FP Consulting or other service providers retained by the Firm have a capital commitment to the Funds.

The Funds generally have a specified minimum investment commitment as set forth in the Fund Agreements, subject to the General Partner’s discretion to accept investment commitments of lesser amounts. As a general matter, there is no minimum capital commitment amount for investors in certain alternative investment vehicles or co-investment vehicles, except as required under applicable law.

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

FP's investment strategies are discussed in more detail below within this Item 8. Each Fund's Fund Agreement sets forth the terms of an investment in the Fund and identifies the Fund's investment objectives along with risk factors. The Fund Agreements contain additional information on the risks associated with an investment in the respective Funds and should be reviewed by any prospective investor.

Investment Strategies and Methods of Analysis

FP: FP is primarily focused on middle market and lower-middle market technology investing. FP seeks to provide transformational capital in situations involving operational complexity, strategic change or other business inflection points. The Funds typically invest in public company buyouts, divisional spinouts, private company recapitalizations, growth equity, and sponsored M&A transactions.

Frequently used components of FP's investment strategy are a value and control orientation and building resiliency into investments both through use of leverage and by purchasing highly structured securities with downside protection. Many of the Firm's investments have low purchase price multiples and employ leverage. This strategy is intended to result in a portfolio with a prudent risk/reward profile, focus on capital preservation, and portfolio company balance sheet resiliency.

In evaluating potential portfolio companies, FP conducts extensive due diligence to analyze, among other aspects, the company's market and competitive position within that market, cost and revenue drivers, management team, intellectual property, potential growth opportunities, and potential sources of investment exit.

The FP investment committee (the **"Investment Committee"**) generally meets weekly to discuss potential and pending investment and divestment opportunities. Transaction teams conduct a detailed review of the investment opportunity or transaction to facilitate an in-depth discussion with the Investment Committee regarding the target company or business, the investment thesis and deal tactics. The Investment Committee will generally conduct multiple reviews of a particular investment opportunity or transaction prior to investment as well as during investment and at the time of exit.

FP Credit: FP Credit's strategy will primarily focus on tech-enabled credit opportunities across four sub-strategies: (1) Niche Origination (private); (2) Opportunistic (i.e., hung bank deals); (3) Stressed; and (4) Distressed. FP Credit intends to leverage the FP platform to source, diligence, and execute attractive credit opportunities. The Firm has developed extensive intellectual property across a wide range of technology sectors, including, but not limited to, application software, infrastructure software, internet, communications, semiconductors and capital equipment, systems, security, healthcare technology, financial technology, education technology, and industrial technology, all of which will be used to help FP Credit analyze and understand the companies and debt instruments in which it invests. This focused approach allows FP to develop

proprietary investment ideas and maintain specialized networks to assist in the evaluation of potential investment opportunities.

The FP Credit investment committee (the “**Credit Investment Committee**”) generally meets weekly to discuss potential and pending investment and divestment opportunities. Transaction teams conduct a detailed review of the investment opportunity or transaction to facilitate an in-depth discussion with the Credit Investment Committee regarding the target company or business, the investment thesis, and deal tactics. The Credit Investment Committee will generally conduct multiple reviews of a particular investment opportunity or transaction prior to investment as well as during investment and at the time of exit.

Risk Factors

Investing in the Funds involves a substantial degree of risk. A Fund may lose all or a substantial portion of its capital in investments and investors in Funds must be prepared to bear the risk of loss of their investments in a Fund. There can be no assurance that the Funds’ investment objectives will be achieved or that an investor will receive a return of its capital.

Any losses incurred by investors in a Fund will be borne solely by such investors and not by FP or its affiliates or subsidiaries; therefore, any losses of FP and its affiliates and subsidiaries in such Fund will be limited to losses attributable to their ownership interests in such Fund in their capacity as investors in the Fund.

In addition, material risks relating to the investment strategies and methods of analysis described above include the following, each of which is described in more detail in the applicable Fund Agreement. As noted above, FP encourages prospective investors to carefully review the full description of risk factors presented in the applicable Fund Agreement prior to making a decision to invest in a Fund.

Business Risks. A Fund’s investment portfolio consists primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of prior investments is not necessarily indicative of the Funds’ future results. While the General Partners intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible. An investment in a Fund should only be considered by persons or entities who can afford a loss of their entire investment.

Investment in Junior Securities. The securities in which a Fund invests are often among the most junior in a portfolio company’s capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund’s investment once made.

Reliance on Management. Decisions with respect to the management of each Fund will be made by the General Partner of such Fund with the advice of FP. The success of a Fund will depend on

the ability of its General Partner and FP to identify and consummate investments, to improve the operating performance of portfolio companies, and to dispose of investments of such Fund at a profit. The loss of the services of one or more members of the professional staff of FP or the partners of the General Partner of a Fund could have an adverse impact on such Fund's ability to realize its investment objective. In addition, all of the officers and employees responsible for managing a particular Fund generally will continue to have responsibilities with respect to other Funds managed by FP. Thus, such persons will have demands made on their time for the investment, monitoring, exit strategy, and other functions of other Funds.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of FP, service providers to FP or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. FP has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that FP will be able to identify or prevent such misconduct.

Concentration of Investments. Funds participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment 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. Funds typically focus on investments in middle market and lower-middle market technology companies. Instability, fluctuation or an overall decline within the technology industry will likely not be balanced by investments in other industries not so affected. In the event that the technology sector as a whole declines, returns to Fund investors may decrease.

Risks Inherently Associated with Technology Companies. Technology companies often face specific risks which the Funds will also be exposed to by concentrating their investment strategy in such companies. Such risks typically include: (1) rapidly changing science and technologies; (2) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (3) scarcity of management, technical, scientific, research, and marketing personnel with appropriate training; (4) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (5) rapidly changing investor sentiments and preferences with regard to technology sector investments.

Many target portfolio companies rely on a combination of patent, copyright, trademark, and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that a Fund or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies, or allege patent infringement by a portfolio company. Piracy or any such allegations may adversely affect portfolio company

revenue, particularly outside the U.S. in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring, and completing private equity transactions is highly competitive and involves a high degree of uncertainty. With competition in the private equity industry increasing substantially in recent years, it has become more challenging to identify and complete investments at attractive prices, which may adversely impact returns to limited partners. Regardless of the volume of a Fund's investments, limited partners will be required to bear management fees through the applicable Fund's commitment period based on the entire amount of the limited partners' commitments to such Fund as well as other expenses, in each case as set forth in the applicable Fund Agreement.

Growth Equity Transactions. The Funds may target 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.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to make an additional investment in such portfolio company. There is no assurance that a Fund will make follow-on investments or that such 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 effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Financial Market Fluctuations. The Funds' investment programs are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Funds operate may undergo substantial changes. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of the Funds. General fluctuations in the market prices of securities and economic conditions generally 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 investments held by the Funds. 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 Funds'

performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies, investors' risk-free rate of return and the ability of portfolio companies to refinance debt securities (including their ability to sell new securities in the public high-yield debt market or otherwise). To the extent that such marketplace events occur, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Funds have invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such default, the Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn have an adverse effect on the Funds' returns. 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. The trading market, if any, may not be sufficiently liquid to enable the Funds to sell these securities when FP believes it is most advantageous to do so, or without adversely affecting the stock price. The Funds may be adversely affected to the extent that it seeks to dispose of any of their portfolio companies into an illiquid or volatile market, and the Funds may find themselves unable to dispose of investments at prices that FP believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted. 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.

Market Disruption, Health Crises, Terrorism, and Geopolitical Risk. A Fund is subject to the risk that war, terrorism, global health crises or similar pandemics, and other related geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Fund's investments. War, terrorism and related geopolitical events, as well as global health crises and similar pandemics have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. Those events as well as other changes in world economic, political and health conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of a Fund's investments. At such times, a Fund's exposure to a number of other risks described elsewhere in this section can increase.

Coronavirus Outbreak Risks. The recent global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already, and will continue to, adversely affect the Funds' investments and the industries in which they operate. Furthermore, FP's ability to operate effectively, including the ability of its personnel or

its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the Funds' investment strategies and objectives and FP's business and to satisfy its obligations to the Funds, their investors, and pursuant to applicable law, has been, and will continue to be, impaired. The spread of COVID-19 among FP's personnel and its service providers would also significantly affect FP's ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Fund's investment activities or operations.

Leveraged Investments. Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of an investment in a given portfolio company. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which may be impacted by regulatory restrictions and guidelines), which is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to a Fund that may not be covered by distributions made to such Fund or appreciation of its investments. Leverage also 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 leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates (which recently have been at or near historic lows), and could accelerate and magnify declines in such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet 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 a Fund. The companies in which a Fund invests generally are not rated by a credit rating agency. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts.

Availability of Entry Financing. A Fund's ability to invest in portfolio companies may depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. A decrease in the availability of financing (or an increase in the interest cost) for leveraged transactions, whether due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders, would impair a Fund's ability to consummate investments and would adversely affect the Fund's returns.

Availability of Additional Financing. After a Fund has financed a company, continued development and marketing of products may require that additional financing be provided from such Fund or third party. No assurance can be made that such additional financing will be available, and no assurance can be made as to the terms upon which such financing may be obtained.

Investments in Restructurings. A Fund may invest in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. Those

financial difficulties may never be overcome, causing the portfolio companies to become subject to bankruptcy proceedings. Investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions. Such investments could, in certain circumstances, subject a Fund to certain additional potential liabilities that may exceed the value of its original investment.

Investments in Operating Turnarounds and Carve-Outs. In some cases, the success of a Fund's investment strategy will depend, in part, on FP's ability to restructure and effect improvements in the operations of a portfolio company and/or execute a complex divisional carve-out from a corporate seller. There can be no assurance that FP will be able to successfully identify and implement such restructuring programs and improvements or successfully execute such carve-outs.

Early Stage Investments. Certain Funds may make investments in 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.

General Risks Associated with Non-U.S. Investments. Investment in foreign issuers may involve certain special risks due to foreign economic, political and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against foreign entities. Furthermore, issuers of foreign securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than domestic issuers.

Non-Controlled Investments. A Fund may hold meaningful minority stakes in public or privately held companies and in some cases may have limited minority protection rights. As is the case with minority holdings in general, such minority stakes will not have the control characteristics of majority stakes. Also, it is more difficult for a Fund to liquidate its minority interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Publicly-Traded Securities. A Fund may invest in securities issued by publicly held companies and may hold publicly-traded securities following a partial exit from an investment. Such investments subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies,

sensitivity of such companies' securities to movements in the stock market, limitations on the ability of the Fund to dispose of such securities, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members including FP principals and increased costs associated with each of the aforementioned risks.

Diversification. There is no assurance as to the degree of diversification that will actually be achieved in a Fund's investments. Because a meaningful portion of a Fund's committed capital may be invested in a single industry or portfolio company, a loss with respect to such an industry or portfolio company could have a significant adverse effect on such Fund's returns.

Uncertainty of Financial Projections. FP generally establishes the capital structures of companies in which a Fund invests on the basis of financial projections for such companies, which normally are based primarily on management judgments, with adjustments to such projections made by FP in its discretion. 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 that the projections are developed. General economic factors, which are not predictable, can have a material impact on the reliability of projections. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections.

Controlling Interests. Because of its equity ownership, representation on the board of directors, and/or contractual rights, a Fund is often considered to control, participate in the management of, or influence the conduct of portfolio companies in which the Funds have invested. The exercise of control over a company imposes additional risks of liability for actions taken by the company. If these liabilities were to arise, a Fund may suffer a significant loss.

Limitations on Ability to Exit Investments. The Funds generally exit investments in two principal ways: (i) private sales (including mergers with or acquisitions of its portfolio companies); and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be available to the Funds, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

Restricted Securities. A portion of a Fund's investments may consist of securities that are subject to restrictions on resale by such Fund because they were acquired in a "private placement" transaction or because such Fund is deemed to be an affiliate of the issuer of such securities. Generally, a Fund will be able to sell such securities only under Rule 144 under the Securities Act, which permits limited sales under specified conditions, or pursuant to a registration statement under the Securities Act. When restricted securities are sold to the public, the Funds may be deemed to be an "underwriter," or possibly a controlling person, with respect thereto for the purposes of the Securities Act and be subject to liability as such under that Act. In addition, there can be no assurance that the Funds can sell restricted securities at the same trading price as the equivalent securities that are not restricted.

Uncertainty Regarding Investments. Although FP makes every effort to conduct appropriate due diligence prior to making an investment, the due diligence process is subjective and may be required to be undertaken on an expedited basis in order to take advantage of available investment

opportunities. In addition, a Fund is relying on limited resources available to it in the due diligence process, including information provided by the target of the investment and third party consultants, legal advisers, accountants, and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

Material Non-Public Information. As a result of the operations of FP and its affiliates, FP frequently comes into possession of confidential information and occasionally comes into possession of material non-public information. Therefore, FP 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 FP'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.

Valuation of Assets. There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, FP will apply a methodology consistent with Generally Accepted Accounting Principles (GAAP) based on its best judgment that is appropriate in light of the nature, facts, and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of FP. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities will ultimately be sold. Third party pricing information may at times not be available regarding certain of a Fund's assets. With respect to the Funds, the exercise of discretion in valuation by FP gives rise to conflicts of interest, as valuations impact FP's track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance fees and calculation of management fees.

Cybersecurity Risks. Operating companies are subject to ongoing cybersecurity risks. 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, and therefore the relevant Fund, to substantial losses.

In addition, FP, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of FP and the Funds' service providers to adopt

technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of FP, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third party service providers or other users of FP's systems to disclose sensitive information in order to gain access to FP's data or that of the Funds' investors. A successful penetration or circumvention of the security of FP's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, FP or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, FP may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation.

Privacy Law Compliance Risk. Compliance with current and future privacy data protection and information security laws and regulations (“**Privacy Laws**”) 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 FP, the Funds and their portfolio companies, and as such could increase costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws 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 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.

The Cayman Islands Data Protection Law, 2017 (“**DPL**”) came into force in September 2019. The DPL introduces legal requirements for the Funds based on internationally accepted principles of data privacy. Prospective investors should note that, by virtue of making investments in the Funds and the associated interactions with the Funds and their affiliates and/or delegates (including completing a subscription agreement), or by virtue of providing the Funds with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), such individuals will be providing the Funds and their affiliates or delegates with certain personal information which constitutes personal data within the meaning of the DPL. The Funds shall act as a data controller in respect of this personal data and its affiliates or delegates, such as a third party administrator, FP and others, may act as data processors (or data controllers in their own right in some circumstances). Oversight of the DPL is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPL by the Fund could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

In addition, California has passed the California Consumer Privacy Act of 2018 (the “**CCPA**”). The CCPA generally applies to businesses that collect personal information about California

consumers, and either meets certain thresholds with respect to revenue or buying and/or selling consumers' personal information. The CCPA imposes stringent legal and operational obligations on such businesses as well as certain affiliated entities that share common branding. The CCPA is enforceable by the California Attorney General. Additionally, if unauthorized access, theft or disclosure of a consumer's personal information occurs, and the business did not maintain reasonable security practices, consumers could file a civil action (including a class action) without having to prove actual damages. Statutory damages range from \$100 to \$750 per consumer per incident, or actual damages, whichever is greater. The Attorney General also may impose civil penalties ranging from \$2,500 to \$7,500 per violation.

The EU has enacted a similar law in the form of the General Data Protection Regulation (EU 2016/679) (the “**GDPR**”). The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. The GDPR notably has a greater extra-territorial reach than pre-existing legislation and has a significant impact on data controllers and data processors, (i) with an establishment in the EU, (ii) which offer goods or services to EU data subjects, or (iii) which monitor EU data subjects' behavior within the EU. The GDPR imposes more stringent operational requirements on both data controllers and data processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide revenue or €20 million (whichever is higher), depending on the type and severity of the breach.

The current ePrivacy Directive will be repealed by the EU Commission's Regulation on Privacy and Electronic Communications, which aims to reinforce trust and security in the digital single market by updating the legal framework on ePrivacy.

The GDPR principles on the processing of personal data have been implemented into laws enforceable in the UK by the Data Protection Act 2018. The terms of the UK's exit from the EU are unclear and it is uncertain whether a transitional arrangement or a withdrawal of similar agreement will be agreed between the UK and the EU. In the event that an arrangement is not agreed, and the UK leaves the EU without a deal, the UK will be deemed a “third country” for the purposes of EU data protection law. To the extent the Funds and/or their portfolio companies transfer personal data from the EU to the UK, additional mechanisms may be required to legitimize such transfers. The UK's exit from the EU is therefore likely to lead to an increase in data protection compliance costs.

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 and operational and legal burdens on regulated entities. Further, compliance with current and future Privacy Laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of our current and planned business activities. Any such Privacy Law could materially and adversely affect results of operations and overall business, as well as have a negative impact on Fund performance.

Furthermore, portfolio companies in which the Funds invests are generally subject to laws and regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws and regulations are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protections and data transfer mechanisms are in place.

Tax Reform Risks. President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the “**IRC**”) on December 22, 2017 (the “**Tax Act**”). There are significant uncertainties regarding the interpretation and application of the Tax Act. While additional guidance on the Tax Act is expected, the timing, scope and content of such guidance are not known. Changes to the IRC made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. Changes to the IRC made by the Tax Act include treating carried interest as short-term capital gain for U.S. federal income tax purposes if certain new holding period requirements are not met. FP’s position may differ from the tax position of its investors. The new requirements could affect decisions relating to investments and dispositions, including the structure of investments and the timing and structure of dispositions by the Funds, which could adversely affect returns for investors. In addition, these new holding period requirements could subject employees or other individuals who hold direct or indirect interests in FP to higher rates of U.S. federal income tax on such carried interest than was the case under prior law. This could make it more difficult for FP to incentivize, attract and retain individuals to perform services for the Funds.

Risks Applicable to Credit Funds

In addition to the risks described above, the following risks are primarily applicable to a Credit Fund, and may be applicable to other Funds as well:

Credit Risk. One of the fundamental risks associated with the Fund’s debt investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. The Fund’s returns to the limited partners would be adversely impacted if an issuer of debt instruments in which the Fund invests were to become unable to make such payments when due. Even if the Fund makes investments that FP believes are secured by specific collateral the value of which initially exceeds the principal amount of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower’s obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing an investment. Under certain circumstances, collateral securing an investment may be released without the consent of the Fund. Moreover, the Fund’s investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, the Fund may not have priority over other creditors as anticipated. Furthermore, the Fund’s right to payment and its security interest, if any, will be subordinated to the payment rights and security interests of any senior lenders. Certain of these investments may have interest-only payment schedules, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, a portfolio entity’s ability to repay the principal of an investment will be dependent upon a

liquidity event or the long-term success of such portfolio entity, the occurrence of which is uncertain.

Senior Secured Loans. The Fund may invest in a variety of different types of structured equity and debt, including senior secured loans. When the Fund makes a senior secured loan to a portfolio entity, it generally shall take a security interest in the available assets of the portfolio entity, including the equity interests of its subsidiaries, which should help mitigate the risk that the Fund will not be repaid. However, there is a risk that the collateral securing the Fund's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio entity to raise additional capital. In some circumstances, the Fund's lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio entity's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Fund will receive principal and interest payments according to the loan's terms, or at all, or that the Fund will be able to collect on the loan should it be forced to enforce its remedies.

Second Lien, or Other Subordinated Loans or Debt. The Fund may invest in second lien or other subordinated loans (including mezzanine loans). In the event of a loss of value of the underlying assets that collateralize the loans, the subordinate portions of the loans may suffer a loss prior to the more senior portions suffering a loss. If a borrower defaults and lacks sufficient assets to satisfy the Fund's loan, the Fund may suffer a loss of principal or interest. If a borrower declares bankruptcy, the Fund may not have full recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to satisfy the loan. In addition, certain of the Fund's loans may be subordinate to other debt of the borrower. As a result, if a borrower defaults on the Fund's loan or on debt senior to the Fund's loan, or in the event of the bankruptcy of a borrower, the Fund's loan will be satisfied only after all senior debt is paid in full. FP's ability to amend the terms of the Fund's loans, assign the Fund's loans, accept prepayments, exercise the Fund's remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers may be limited by intercreditor arrangements if debt senior to that Fund's loans exists or due to self-imposed restrictions on voting intended to manage conflicts of interest, in the event of investments in portfolio entities in which other Funds (whether in existence now or in the future) are invested.

Unsecured Loans or Debt. The Fund may invest in unsecured loans which are not secured by collateral. In the event of default on an unsecured loan, the first priority lien holder has first claim to the underlying collateral of the loan. It is possible that no collateral value would remain for an unsecured holder and therefore result in a loss of investment to the Fund. Because unsecured loans are lower in priority of payment to secured loans, they are subject to the additional risk that the cash flow of the borrower may be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower. Unsecured loans generally have greater price volatility than secured loans and may be less liquid.

Term Loans, Delayed Draw Loans, or Revolvers. The Fund may invest in term loans, delayed draw term loans, bridge loans, and revolving loans, together with, without limitation, other

instruments described herein. A term loan is a loan that has a specified repayment schedule. A delayed draw loan is a loan that typically permits the borrower to withdraw predetermined portions of the total amount borrowed at certain times. A revolving credit facility differs from a delayed draw loan in that as the borrower repays the loan, an amount equal to the repayment may be borrowed again during the term of the revolving credit facility. Delayed draw loans and revolving credit facilities usually provide for floating or variable rates of interest. If the Fund enters into or acquires a commitment with a borrower regarding a delayed draw loan or a revolver, the Fund will be obligated on one or more dates in the future to lend the borrower monies (up to an aggregate stated amount) if called upon to do so by the borrower. These commitments may have the effect of requiring the Fund to increase its investment in a borrower at a time when it might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). Delayed draw loans and revolvers may be subject to restrictions on transfer, and only limited opportunities may exist to resell such instruments. As a result, the Fund may be unable to sell such investments at an opportune time or may have to resell them at less than fair market value. In the event that a contractual obligation extends beyond the Fund's investment period, the Fund would be required to meet such contractual requirements and, if it were unable to do so, would be subject to contractual penalties under such loans. The Fund's obligation to meet such contractual requirements, which may be met through drawdowns of commitments, may extend beyond the Fund's investment period.

Convertible Securities. The Fund is expected to invest in convertible securities, which are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. The ability of a portfolio entity to pay a dividend is limited to the extent that the portfolio entity does not have sufficient legally available funds for distribution. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "**investment value**" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "**conversion value**" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the

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

Speculative Nature of Investments in Stressed or Distressed Debt. The Fund may invest in stressed or distressed debt securities and instruments. Investments in stressed and distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage. Distressed companies may have further inability to service their debt obligations during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing. The value of stressed and distressed debt securities and instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities and instruments. Stressed and distressed debt securities and instruments are often more sensitive to company-specific developments and changes in economic conditions than other securities and instruments.

Interest Rate Risks. In order to seek to reduce the interest rate risk inherent in the Fund's underlying investments and capital structure, the Fund may enter into interest rate transactions, including but not limited to interest rate swaps and caps. For instance, interest rate swaps involve the exchange by the Fund with a counterparty of fixed-rate payments for floating rate payments; the payment obligations would be based on the notional amount of the swap. In an interest rate cap, the Fund would pay a premium to the counterparty to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Depending on the state of interest rates in general, the Fund's use of interest rate transactions could enhance or harm the overall performance of the Fund.

Borrower Fraud; Breach of Covenant. The Fund will typically seek to obtain structural, covenant and/or other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in the Fund as being speculative and having a high degree of risk. Of paramount concern in originating or acquiring the financing contemplated by the Fund is the possibility of material misrepresentation or omission on the part of the borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of covenants may adversely affect the valuation of the collateral underlying the loans or the ability of the Fund to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. The Fund will rely upon the accuracy and completeness of

representations made by borrowers to the extent reasonable but cannot guarantee such accuracy or completeness.

Item 9. Disciplinary Information

FP does not believe that there have been any legal or disciplinary events that are material to its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Various FP affiliated entities are general partners of the respective Funds and General Partners. For a description of material conflicts of interest created by the relationship among FP, the Funds, the portfolio companies, the investors, and the General Partners, as well as a description of how such conflicts are addressed, see Item 11 below.

Francisco Partners Operations LLP (“**FP Operations**”) is an FP affiliated investment adviser that is located in the United Kingdom and registered with the Financial Conduct Authority.

FP is registered with the SEC as an investment adviser and is currently exempt from registration with the CFTC as a commodity trading advisor and a commodity pool operator.

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

Code of Ethics

FP has adopted a Code of Ethics (“**Code**”) which applies to the Firm and its affiliates and sets forth standards of business conduct that FP requires of its supervised persons. The Code is intended to assist the Firm and its supervised persons in complying with the requirements of Rule 204A-1 under the Advisers Act, as well as provisions of the U.S. federal securities laws pertaining to insider trading.

The Code contains a section entitled *Procedures and Policy Statement on Insider Trading* to inform access persons what constitutes material non-public information and the laws and requirements relating to insider trading and confidentiality and FP’s related policies and procedures.

The Code also sets forth personal trading policies and reporting requirements applicable to access persons and certain family members and affiliates that are designed to address actual or potential conflicts of interest (or appearances of conflicts) with the Funds (the “**Policies**”).

The Policies require all access persons of the Firm to report brokerage transactions to Compliance. Transactions in certain financial products, including certain mutual fund shares, U.S. government securities, and certain money market instruments are excluded from such reporting requirements.

The Policies also require that access persons seek pre-clearance with respect to purchases and sales of most types of securities. These pre-clearance requirements do not apply to transactions in certain investments, including investments in accounts over which the access person has no direct or indirect investment discretion, influence or control.

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

A copy of the Code is available to any Fund, or prospective client upon request to: compliance@franciscopartners.com.

Participation or Interests in Client Transactions

Certain employees and affiliates of FP may invest in and alongside the Funds, either through the General Partners, as direct investors in the Funds, or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the management fee and carried interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, see *Conflicts of Interest* immediately below.

Conflicts of Interest

FP and its affiliates provide targeted advisory services, including investment activities for themselves (*e.g.*, co-investment vehicles) and for the account of the Funds and transaction-related, advisory, management, and other services to funds and operating companies, including portfolio companies of the Funds. FP 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 Fund Agreement, 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 or its investors may conflict with the interests of FP or its affiliates or one or more other Funds or with their respective affiliates.

Resolution of Conflicts

FP and its affiliates will deal with all conflicts of interest using their best judgment and discretion. In the case of all conflicts involving the Funds, the determination as to which factors are relevant, and the resolution of such conflicts, will be made in the sole discretion of FP, except as required by the Fund Agreements of the Funds. In resolving conflicts, FP considers various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below.

The following factors may alleviate, but will not eliminate, conflicts of interest among FP and the Funds:

- Certain conflicts of interest will be addressed pursuant to set procedures, restrictions or other provisions contained in the relevant Fund Agreements;
- FP has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- Prior to subscribing for an interest in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund; and
- An advisory board of representatives of the limited partners of each Fund (“**Advisory Board**”) will approve or consent to certain material conflict of interest transactions, including those specifically delineated in the Fund Agreements of the Funds and referred to the Advisory Board by such Fund’s General Partner.

In addition, certain provisions of a Fund’s Fund Agreements are designed to protect the interests of investors in situations where conflicts may exist and/or arise, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

Potential Sources of Conflicts of Interest

The potential conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not describe all of the potential conflicts that may be faced by the Funds. Other conflicts are disclosed throughout this Brochure, and the Brochure should be read in its entirety for other conflicts. Conflicts of interest are also discussed in more detail in the relevant Fund Agreements.

Conflicts Relating to FP and the General Partners of the Funds.

As described above, FP may receive fees in connection with its performance of Related Services. Such fees will be in addition to the management fee and the carried interest paid by such Fund. FP will determine the amount of these fees, if any, in its own discretion, subject to agreements with sellers, buyers, and management teams, the boards of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions. As a result of the Funds' controlling interests in portfolio companies, FP and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to FP and/or its affiliates. FP is not required by the Fund Agreements of the Funds to provide a Fund or its limited partners with information regarding the amounts of these fees, although such fees will be disclosed to the extent required and the amount of such fees are included with other expense items on the Fund's quarterly and annual financial statements.

The opportunity to receive fees from actual or prospective portfolio companies or other investment vehicles of a Fund creates a conflict of interest between FP, on the one hand, and such Fund and its limited partners on the other hand because the amounts of such fees over time is expected to be substantial, the Fund and its limited partners do not have an interest in FP, and the rights of the Fund and its limited partners to these fees is limited to the reduction of future management fees described above. Also, because there is a fixed investment period when capital may be invested by the Fund, and after which capital from investors in Funds may only be drawn down in limited circumstances, and because management fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to invest capital when FP may not otherwise have done so.

FP generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with: (i) FP or a related person of FP (which may include a portfolio company of such Fund); (ii) an entity with which FP or its affiliates or current or former members of their personnel has a relationship; (iii) an entity from which FP or its affiliates or their personnel otherwise derives financial or other benefit; or (iv) FP Consulting. This subjects FP to conflicts of interest, because, although FP selects service providers based on the best interest of the Fund that FP believes are aligned with the Funds' operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, FP may have an incentive to recommend the related or other person because of its financial, familiarity, performance or other business interest. There is a possibility that FP, 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. Whether or not FP has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. FP may have incentives to engage, for example, FP Consulting, which has a dedicated relationship with FP and the portfolio companies, to perform certain consulting services rather than engage independent service providers. FP attempts to address this conflict by seeking to: (i) agree upon fees that FP believes are reasonable; and (ii) with respect to FP Consulting, require that FP Consulting enter into a contract with each applicable Fund and portfolio company directly whereby the parties agree to the fees and an overview of available services to be provided, which will generally be reviewed on annual basis. As discussed above, FP Consulting fees and other compensation are retained by FP Consulting, are not shared with FP, and do not reduce the management fees paid by the Funds. In addition, from time to time, portfolio companies and the Funds pay certain fees to other consultants introduced or arranged by FP and/or its affiliates that may regularly provide services to one or more portfolio companies, and such fees also do not offset the management fee. Additionally, portfolio companies occasionally provide opportunities for FP Consulting and other consultants to receive an interest in such portfolio companies and reimburse costs and expenses incurred by FP Consulting and such consultants. FP Consulting and other consultants also may have a limited partner interest in one or more of the General Partners and/or one or more of the Funds. Such investments, reimbursements, and other compensation paid to FP Consulting and other consultants will not offset the management fee of any Fund.

The officers and employees of FP responsible for managing a particular Fund generally have responsibilities with respect to other Funds, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these FP officers and employees across existing and future Funds.

Similar to fees earned in connection with Related Services, a portfolio company typically will reimburse FP, FP Consulting or service providers retained at FP's discretion for expenses (including, without limitation, travel expenses) incurred by FP or such service providers in connection with its performance of services for such portfolio company. FP selects service providers and determines the amount of reimbursements for such services in good faith in its discretion; however, the amount of such reimbursements over time is expected to be substantial.

Allocation of Investment Opportunities

In certain cases, a Fund will invest alongside other Funds, the General Partners of other Funds and certain related persons on the basis described in the Funds' Fund Agreements. In addition, an eligible investment opportunity for a particular Fund will under certain circumstances be allocated to other Funds. The investment policies, fee arrangements, carried interest, investments owned by FP employees with respect to a Fund, and other circumstances of the Fund, generally vary from those with respect to other Funds. Employees and related persons of FP have, and are expected to continue to have, capital investments in certain Funds and therefore may have additional conflicting interests in connection with these investments. These relationships also may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund. Investments by more than one Fund of FP in a portfolio company may also raise the

risk of using assets of one Fund of FP to support positions taken by other Funds of FP. There can be no assurance that any Fund's return from a transaction will be equal to and not less than another Fund participating in the same transaction or that it will be as favorable as it would have been had such conflict not existed.

When FP is presented with an investment opportunity that is suitable for more than one Fund, FP will follow the Fund Agreements of the affected Funds. Such Fund Agreements generally set forth terms with respect to the allocation of investment opportunities. In most cases, a successor Fund (as such term is described in the respective Fund Agreement) does not commence making investments in new portfolio companies until its predecessor Fund has ceased making such new investments. If, however, the Firm determines it is appropriate to allocate a portion of an investment opportunity to a predecessor Fund or successor Fund after consideration of the relevant circumstances (because, for example, a predecessor Fund has remaining available commitments), it may do so in conjunction with a review by the Advisory Boards of the applicable Funds.

However, from time to time multiple Funds will seek to make new investments concurrently, and investment opportunities may arise that are appropriate for more than one Fund. In determining which Funds and investment vehicles should participate in such investment opportunities, FP and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. FP attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by FP's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. FP generally will allocate investment opportunities based on each Fund's investment strategy and scope under the respective Fund Agreements, among other relevant factors, which also include, each Fund's investment objectives and focus; transaction sourcing (and with respect to an investment opportunity originated by a third-party, the relationship of a particular Fund to or with such third-party); each Fund's liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity); structural and operational differences between the Funds; each Fund's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio); lender covenants and other limitations; any "ramp-up" period of a newly established Fund; 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 investment and anticipated holding period of the portfolio investment; composition of each Fund's portfolio and each Fund's investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics); the suitability as a follow-on investment for a current portfolio investment of a Fund; the availability of other suitable investments for each Fund; supply or demand of an investment opportunity at a given price level; risk considerations; cash flow considerations; the likelihood of current income; the centrality of an investment to a Fund's strategy; asset class restrictions; the seniority of an investment and other capital structuring criteria; industry and other allocation targets; minimum and maximum investment size requirements; tax implications; whether an investment opportunity requires additional consents or authorizations from the Fund, investors or third parties; whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental

institutions; legal, contractual or regulatory constraints; and any other relevant limitations imposed by or conditions set forth in the Fund Agreements. For example, FP generally would allocate a lower-middle market technology company opportunity requiring an investment below a certain dollar threshold to a Fund with a specific investment strategy and scope that focuses primarily on such investments, rather than to other Funds that focus primarily on larger investments. Similarly, FP generally would allocate a credit investment opportunity that does not involve control of a portfolio entity to a Credit Fund rather than to other Funds that focus on control-oriented equity investments. FP, in its sole discretion, may allocate investment opportunities, which may include a review by the Advisory Boards of the applicable Funds if multiple Funds invest in the same opportunity. The Firm 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; or (ii) the profitability of any Fund. The application of the factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives.

FP and the General Partner of the relevant Fund have formed the Parallel Funds to facilitate, from a legal, tax or regulatory standpoint, investments by certain foreign or other classes of investors, the structure and terms of which may differ from that of the Funds, but will invest proportionately in all transactions on effectively the same terms and conditions as the Funds.

The Funds may co-invest through partnerships, joint ventures or other entities with third parties that may have economic or business interests or objectives that are different than or conflict with those of the Funds. When attractive investment opportunities exceed certain thresholds of committed capital (“**co-investment opportunities**”) for a particular Fund, FP can allocate the investment among other Funds, limited partners or co-investing with third parties, as determined by the relevant Fund Agreements, side letters, and FP’s procedures regarding allocation. FP’s procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to those discussed herein. FP generally will allocate co-investment opportunities to applicable Funds whose investment objectives are consistent with the applicable investment up to an amount of the transaction deemed prudent by their respective General Partners, taking into account conflicts provisions in the relevant Fund Agreements, investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk. There may be circumstances where an amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

Any excess amount of co-investment opportunities over that which is allocated to the applicable Funds generally will be allocated to certain parties that may have a relationship with FP, such as limited partners, other private fund sponsors, corporates, and certain strategic partners and single investor vehicles. Participation in co-investment opportunities is limited to persons with such knowledge and experience in financial and business matters necessary to make them capable of evaluating the merits and risks of the prospective investment. The relevant Fund’s General Partner will determine, in its sole discretion, whether a limited partner and/or other person is eligible to participate in any co-investment opportunity and may consider some or all of a wide range of factors, which may include its own interests and/or: whether a potential co-investor has the financial resources to provide the requisite capital in a timely fashion; the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-

invest opportunity; whether a potential co-investor has a history of participating in opportunities; the size of the potential co-investor's commitment to existing Funds; the ability of a potential co-investor to aid in operating or monitoring a portfolio company or possession of certain expertise by a potential co-investor; the ability of the potential co-investor to make meaningful contributions to the transaction; the overall strategic benefit to the portfolio company of offering a co-investment opportunity to the potential co-investor; any interests a potential co-investor has in any competitors of the portfolio company; the expertise of the potential co-investor with respect to the geographic location or business activities or industry of the prospective target company; the investment objectives of the potential co-investor; the legal or regulatory constraints (including tax constraints) that the proposed investment is expected to raise; whether the potential co-investor has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or FP; and the reporting, public relations, competitive, confidentiality or other issues that also arise as a result of the co-investment. The factors above are not listed in order of importance or priority and FP is not required to, and does not, consider all of the factors described above in any particular investment, and some factors may be more or less important depending upon the nature of the particular co-investment opportunity and attendant circumstances. These co-investment or syndication activities may present conflicts of interest in determining how much of certain investment opportunities will be offered to a Fund. See Item 6 above for a discussion of side-by-side management.

In addition, co-investment vehicles may be formed to make investments alongside a Fund. In such cases, the co-investment vehicle may be provided a priority right to make co-investments in some or all of the investments made by such Fund. The existence of such a priority right may significantly reduce or eliminate co-investment opportunities available to other investors.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by FP or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. In general: (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to co-investment opportunities; (ii) co-investment opportunities typically will be offered to some, and not other, FP investors, in the sole discretion of FP or its related persons, and investors may be offered a smaller amount of co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund; and (iii) certain persons other than investors in the Funds (*e.g.*, consultants, joint venture partners, persons associated with a portfolio company, and other third parties), rather than one or more investors in a Fund, may, from time to time, be offered co-investment opportunities, in the sole discretion of FP or its related persons. Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require FP to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, FP from time to time agrees to give particular investors, Funds, or other third parties priority access to co-investment opportunities. The existence of such priority co-investment access rights could affect FP's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In the event FP determines to offer a co-investment opportunity to co-investors, there can be no assurance that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund, or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. As a consequence, the Fund may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from FP as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that FP is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

In addition, to the extent FP has discretion over a secondary transfer of interests in a Fund pursuant to the Fund Agreements or is asked to identify potential purchasers in a secondary transfer, FP will do so in its sole discretion, generally taking into account the following factors: evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations; perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or FP and the expected amount of negotiations required in connection with a potential purchaser's investment; whether the potential purchaser would subject FP, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens; a potential purchaser's investment into another Fund (including any commitment into a future Fund); requirements in the Fund Agreements; and such other facts as it deems appropriate under the circumstances in exercising such discretion.

FP's allocation of investment opportunities among the Funds, affiliates and third parties and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While FP will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances over time and considering relevant factors, there can be no assurance that an 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 FP may be subject, discussed herein, did not exist.

Cross Transactions and Principal Transactions

In certain cases, FP will cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best

price otherwise possible, or FP might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, FP, its affiliates and/or their professionals: (i) will, from time to time, 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). FP and its affiliates receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting any such transactions, FP follows the requirements set forth in the Fund Agreements.

FP does not anticipate entering into principal transactions where FP or any of its affiliates purchases or sells any security for its own accounts from or to the accounts of any Fund. In the event that FP or any of its affiliates do engage in a principal transaction, any required approvals, including that of the applicable Fund's limited partnership Advisory Board (as may be required), will be obtained in accordance with the terms of the applicable Fund Agreement and such transaction will be undertaken in compliance with Section 206(3) of the Advisers Act.

Subject to the Fund Agreements, each Fund also reserves the right to make independent decisions regarding recommendations of when a Fund should purchase and sell investments. Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or in a transaction in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles or have the same access to credit or investment strategies as other Funds. Occasionally, this will result in differences in price, terms, leverage, and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or co-investor will exit such investment at the same time or on the same terms.

Conflicts Relating to Purchases and Sales of Investments

Funds from time to time invest in conjunction with an investment being made by other Funds or in a transaction where another Fund has already made an investment. Conflicts may arise in connection with such investments. Investment opportunities are, from time to time, appropriate for more than one Fund at the same or different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where Funds may invest in different types of securities in a single portfolio company. Questions 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, raise conflicts of interest. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt, and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times,

be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

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 FP. In addition, a conflict will 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 Fund of FP in a portfolio company will also raise the risk of using assets of a Fund of FP to support positions taken by other Funds of FP or that a Fund may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. Also, where more than one Fund of FP (or its affiliates) invest in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because FP may have an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if FP determines it is advisable for a Fund to exit an investment at the same time as another Fund of FP or its affiliates, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

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

Employees and related persons of FP and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore will have additional conflicting interests in connection with these investments. In addition, Funds from time to time invest in securities of companies in which officers, principals, employees, and other related persons of FP and its affiliates have previously invested for their own accounts. 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.

From time to time FP will, in its discretion, enter into transactions with investors in one or more Funds, co-investors, employees, business associates, and other "friends and family" of FP, its affiliates or their personnel, or third parties 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, FP will comply with the requirements set forth in the Fund Agreements of the

applicable Fund(s), or to the extent not addressed in the Fund Agreements of the applicable Fund(s), FP may consider some or all of the factors it deems to be relevant. The sales price for such transactions will be mutually agreed to by FP and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by FP. Although FP is not obligated to solicit competitive bids for such sales transactions or to seek the highest available price, it will first determine that such transactions are 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 Fund Agreement of the applicable Fund(s).

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into: (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction or a fixed amount as a “**reverse termination fee**” to the seller entity; or (b) full guarantee arrangements where such Funds agree to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to the Fund are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds’ Fund Agreements or otherwise), such co-investment vehicles may not be direct parties to the equity commitment arrangements or limited guarantees and, in any event, are not obligated to pay their proportionate share of any reverse termination fee. In such a case, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Fund could be held responsible for the entire equity purchase price or reverse termination fee, or obligations, as applicable.

As discussed above in this Item 11, the Funds, from time to time, co-invest with third parties through partnerships, joint ventures or other similar entities or arrangements. These investments may involve risks that would not otherwise be present in investments where a third party is not involved. Such risks include, among other things, the possibility that the third party may have differing economic or business goals than those of the Fund, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

FP, its affiliates, and partners, officers, principals, and employees of FP and its affiliates may buy or sell securities or other instruments that FP has recommended to Funds. Officers, principals, and employees of FP may also buy securities in transactions offered to but rejected by the Funds. A conflict of interest may arise because such investing FP personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by FP on behalf of the Funds. In such circumstances, the investing FP personnel will share with or reimburse the relevant

Fund(s) and/or FP for any expenses incurred in connection with the investment opportunity in such amounts as determined by FP in its sole discretion.

Management of the Funds

FP may give advice or take actions with respect to the investments of one or more Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund may not be able to invest through the same investment vehicles or have access to similar credit facilities. These differences will result in variations with respect to price, leverage, and associated costs of a particular investment opportunity.

From time to time, FP may consider and reject an investment opportunity on behalf of one Fund and FP or an affiliate of FP may subsequently determine to have another Fund make an investment in the same company. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation, and due diligence undertaken by FP on behalf of the original Fund considering the investment. In circumstances where the subsequent Fund considers but does not make an investment in the opportunity, the subsequent Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. In circumstances where the subsequent Fund does make an investment in the opportunity, the investing Fund will be responsible for the cost of the evaluation, investigation, and due diligence undertaken in considering the investment.

In addition, FP receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As a result, FP is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. FP may from time to time enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. FP may from time to time use this information in a manner that may provide a material benefit to FP, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, FP may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. FP may from time to time utilize such information to benefit FP and its affiliates or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds.

FP and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory, and contractual requirements, these information sharing arrangements are designed to allow FP, the Funds and the Funds' portfolio companies to better discern economic or other trends and developments. FP believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across FP's businesses and the Funds' portfolio companies. However, information sharing may involve conflicts of interest between the

Funds and/or between the Funds and FP. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by FP and its affiliates, without the source of the data being directly compensated. FP and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to FP, without directly compensating or otherwise benefiting the Funds. As a result, FP may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits FP and/or investments held by other Funds.

The Funds will, from time to time, 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.

FP Policies and Procedures

Policies and procedures implemented by FP from time to time (including as may be implemented in the future) to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions may reduce the synergies across FP's areas of operation or expertise that a Fund expects to draw on for purposes of pursuing attractive investment opportunities. Because FP has other activities beyond any one Fund, it is subject to a number of actual and potential conflicts of interest, additional regulatory considerations, and more legal and contractual restrictions than that to which it would otherwise be subject if it focused only on a Fund and/or if it did not pursue both private equity and distressed investments. In addressing these conflicts and regulatory, legal, and contractual requirements across its various businesses, FP has implemented, and may in the future, implement certain policies and procedures that may reduce the positive synergies that a Fund expects to utilize for purposes of finding attractive investments. In that regard, it is possible that in the future FP may establish information barriers or other forms of separation between certain strategies or professionals, such as (without limitation) those who are primarily involved in trading marketable securities or liquid instruments or distressed investments, on the one hand, and other professionals, such as those who are primarily involved in privately negotiated or illiquid investments, on the other, and in any such event it is possible that a Fund may not be able to avail itself of the full resources of FP. For example, the establishment of an information barrier may impact FP's ability to source deals for a Fund from other strategies that FP manages, and a Fund could be adversely affected as a result. There can be no assurance that walling off procedures can, nor will, be implemented efficiently or successfully in all cases.

Conflicts Relating to Existing Investments

Investments to finance follow-on acquisitions are a regular part of the business of the Funds. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other Funds have invested or may invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing investors are selling 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, and determining the desirability of leverage for the applicable portfolio company. FP will address all such conflicts using its best judgment, but in its sole discretion, subject in certain cases to approval by the respective Advisory Boards.

Fee Structure

Additionally, as discussed above in Item 6, the General Partners of many Funds are entitled to carried interest under the terms of the Fund Agreements of such Funds. Such General Partners are affiliates of FP. The existence of the General Partners' carried interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by FP or its affiliates in a Fund, the clawback obligation of the General Partner (as described below), and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of FP's personnel.

Pursuant to the Fund Agreements, the General Partner may be required to return excess amounts of carried interest as a "**clawback**". This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

In addition, the General Partner is incentivized to hold on to investments that have poor prospects for improvement in order to receive ongoing management fees in the interim and, potentially, a more likely or larger carried interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the General Partner.

Fund Level Borrowing

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

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a

lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while the Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

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

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

Business with and Among Portfolio Companies and Investors and Prospective Investors

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

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

A Fund's portfolio company will from time to time engage in transactions with, and provide goods or services, to FP. Such transactions or relationships will benefit such portfolio company and relevant Fund, and not all Fund portfolio companies or Funds.

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

FP and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company. This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (*e.g.*, whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, FP may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by FP to a portfolio company may have adverse consequences to a separate portfolio company owned by another Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by FP that, although FP determines to be consistent with the requirements of such Funds' Fund Agreement, may not have otherwise been entered into but for the affiliation with FP, and which may provide economic or other benefits to affiliates of FP that are not subject to the management fee offset provisions described herein. For example, FP has in the past caused, and may in its discretion in the future cause, portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale), and other similar operational initiatives that may result in fees, better pricing, rebates, servicing payments, commissions or similar payments, and/or discounts to FP, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While FP may have a conflict of interest because its economic benefit may incentivize FP to maintain such arrangements, FP believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and FP's benefits from such arrangements are reduced because FP only benefits on at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with FP will

only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

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

Service Providers

Services required by a Fund (including some services historically provided by FP or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of FP or its affiliates. FP and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of FP personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing reviews, accounting, valuation, legal, human resources, client services, compliance, corporate secretarial and tax support, director services, and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third party service provider that is not incurred for comparable services by other Funds. The decision by FP to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third party service provider in the future and FP has no obligation to inform such Funds or investors of such a change. In addition, certain internal service providers (such as internal accountants) may "shadow" or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third party service providers will be borne by the relevant Funds.

FP and/or its affiliates may engage certain service providers to provide services to FP, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel, pension consultants, and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as FP may give such investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

Additionally, employees of FP or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that FP may have with a service provider can influence FP in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company. FP will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide FP information

about markets and industries in which FP operates or is interested or will provide other services that are beneficial to FP. Although FP selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that FP, because of financial, business interest or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another service provider.

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

FP or its affiliates and service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by FP or its affiliates differ from those required by the Funds and/or its portfolio companies, FP and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

Receipt of Confidential Information

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

Positions with Portfolio Companies

Employees of FP serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected that the interests will be aligned. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Such employees are required to remit any remuneration they may receive as directors to the applicable Funds.

Decisions made by a director may subject FP, its affiliates or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. In general, the Funds will indemnify FP and their partners, principals, and employees from such claims.

In addition, the employees of FP serving as directors may make decisions for a portfolio company that negatively impacts returns received by a Fund investing in the portfolio company.

From time to time, employees of FP may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such employee's employment with FP. In such circumstances, any compensation or fees received by such former employee is not subject to the offset arrangement described above, or otherwise shared with the Funds and/or investors.

In connection with co-investment opportunities, some co-investors (which may include one or more investors in the Funds) may be provided with the opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information, and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in the Funds. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of FP to take actions with respect to the portfolio company that FP considers to be in the best interests of the Funds.

Certain personnel of FP or its affiliates may also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse FP or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. FP may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by FP or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the management fee paid or carried interest distributed by the Fund to FP will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by FP and

reimbursed by a portfolio company) will not be treated as expenses to be borne by the Fund and will not reduce the management fee otherwise payable to FP or any carried interest otherwise payable to FP or its affiliates. All or a portion of any such compensation and incentives will be borne by the Fund, directly or indirectly, via its ownership interest in such portfolio company. In such cases, FP will make a determination in good faith based on its evaluation of the relevant facts and circumstances.

Advisory Board Rights

Generally, each Fund has established an Advisory Board, consisting of representatives of investors. A conflict of interest may exist when some, but not all, limited partners are permitted to designate a member to the Advisory Board. The Advisory Board may also have the ability to approve conflicts of interests with respect to FP and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the Advisory Board. Representatives of the Advisory Board may have various business and other relationships with FP and its partners, employees, and affiliates. These relationships may influence the decisions made by such members of the Advisory Board.

In addition, members of one Fund's Advisory Board may also be members of another Fund's Advisory Board. In such instances, a conflict of interest exists because the Funds on which such overlapping Advisory Board membership exists may have conflicting interests and such Advisory Board members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

Other Conflicts of Interest

The Fund Agreements of a Fund establish complex arrangements among the Funds, FP, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Fund Agreements, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While FP will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

From time to time, FP will consult with or co-invest with other parties in the private equity investment industry. While FP believes that such relationships will result in enhanced investment opportunities for the Funds, it is possible that certain opportunities will not be available to the Funds as a result of such relationships or, if available, such parties' interests or its obligations to their clients may diverge from the Funds' interests. In addition, such parties may possess inside information concerning specific companies that could limit a Fund's ability to buy or sell securities issued by such companies.

Funds have tax-exempt, taxable, foreign, and other investors, whereas most limited partners of the General Partners of the Funds and other Funds are taxable at individual U.S. rates. Conflicts may

exist with respect to various structuring, investment, and other decisions because of divergent tax, economic or other interests, including conflicts among the interests of taxable and tax-exempt investors, conflicts among the interests of domestic and foreign investors, and conflicts between the interests of investors and management. For these reasons, among others, decisions may be more beneficial for one investor than for another investor, particularly with respect to investors' individual tax situations. FP will address all such conflicts using its best judgment in accordance with the Fund Agreements.

As described in Item 4 above, the Funds have entered, or in the future may enter, prior to the closing of such Fund, into side letters with one or more of the Fund's investors which provide such investors with additional or different rights than other investors have pursuant to the Fund Agreements, including, but not limited to, different information rights, co-investment rights, and liquidity or transfer rights.

FP 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, FP and/or its affiliates, the parties may engage separate counsel in the sole discretion of FP and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, FP and the Funds and the portfolio companies of the Funds will, from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to FP, the Funds, and/or the portfolio companies. This may result in FP receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or FP receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between FP, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that FP will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to FP, its personnel or its affiliates, and the management fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

FP and its personnel have in the past received, and may from time to time in the future receive, certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in "miles" or "points" or credit in loyalty/status programs to FP and/or its personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit FP and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors, and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for an FP personnel

travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such FP personnel to the extent the trip also serves a personal purpose.

FP has in the past caused, and may in its discretion in the future 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 FP. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between FP 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 FP may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

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

In addition, from time to time, FP may recruit a management team to pursue a new “platform” opportunity expected to lead to the formation of a future portfolio company. In such a case, the Fund will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses may be borne directly by the applicable Fund as partnership expenses or indirectly as the Fund bears the start-up and ongoing expenses of the newly-formed platform portfolio company. Such costs and expenses will not offset the management fee and are in addition to management fees and other compensation (e.g., carried interest) received by FP.

FP has in the past caused, and may from time to time in the future cause, one or more Funds to purchase, and/or bear premiums, fees, costs, and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, FP and/or their respective directors, officers, employees, agents, representatives, members of the Advisory Board, and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs, and expenses for one or more “umbrella” or other insurance policies maintained by FP that cover one or more Funds and/or FP (including their respective directors, officers, employees, agents, representatives, members of the Advisory Board, and other indemnified parties). FP will make judgments about the allocation of premiums, fees, costs, and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or FP on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

As neither FP nor any of its affiliates is registered as a broker-dealer, FP does not engage in agency cross transactions where one Fund purchases or sells any security for its account from or to the account of another Fund. In the event that the Firm causes the Funds to enter into any cross

transactions, any required approvals, including that of the applicable Fund's Advisory Board (as may be required), will be obtained in accordance with the terms of the applicable Fund Agreement.

A Fund and one or more other Funds may be deemed or may desire to avoid being deemed to hold "plan assets" subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). With respect to ERISA considerations, FP and certain affiliates may be restricted from entering into certain transactions if the investment would trigger ERISA considerations with respect to a Fund, or may be obligated to take certain actions or refrain from taking certain actions in order to avoid an ERISA consideration with respect to such Fund.

Any of these situations subjects FP and/or its affiliates to potential conflicts of interest. As discussed herein, FP attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by FP's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among one or more Funds in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, FP will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

Contact the FP Compliance Department with any additional questions or concerns.

Item 12. Brokerage Practices

In general, the Funds will invest directly or indirectly in securities and other interests. FP, as an investment adviser, is under a duty to obtain “best execution,” which the SEC generally describes as a duty to execute securities transactions so that a Fund’s total costs or proceeds in each transaction are the most favorable under the circumstances.

From time to time, the Firm uses a broker to effect transactions in public securities resulting from, or in connection with, portfolio investments. These circumstances include, among other things, the distribution of securities acquired in a transaction effected on behalf of, or in connection with, portfolio investments. In these instances, FP has full discretionary authority with respect to the selection of, and commissions paid to, brokers. If the Firm determines to engage a broker, the Firm will select the broker considering the range and quality of its brokerage services, its execution capability and trade efficiency, level of trading expertise, commission rate, infrastructure, financial responsibility, responsiveness to the Firm, and other similar factors.

From time to time, FP aggregates purchases and sales of publicly-traded securities for the Funds. FP often employs this practice because larger transactions may enable it to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. FP and its affiliates may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, FP and its affiliates generally aggregate trade orders for publicly-traded securities so that each participating Fund will receive the average price for each execution of a transaction. To the extent that FP might engage in an aggregated purchase or sale of publicly-traded securities, such aggregated order will be allocated among the applicable Funds on a pro rata basis, unless, in the General Partner’s good faith judgment, a different allocation method is more appropriate under the circumstances. Additional information with respect to investment allocation decisions is discussed above in Item 11.

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

In selecting or recommending broker-dealers, FP does not take into account whether FP has received, or may in the future receive, client referrals from such broker-dealers.

FP does not currently have any Funds that engage in directed brokerage.

Item 13. Review of Accounts

The portfolio investments of the Funds (other than the Credit Funds) are generally private, illiquid, and long-term in nature, and accordingly FP's review of them, which is done on a quarterly basis, is not directed toward a short-term decision to dispose of securities. With respect to the Credit Funds, FP regularly reviews and analyzes its portfolio investments. On behalf of each General Partner, FP's Valuation Committee, consisting of members of senior management, including the Chief Operating Officer and Chief Financial Officer, convenes on a quarterly basis to review the valuations of portfolio investments. Following determination of values by the Valuation Committee, the Finance Team reviews and ensures correct calculations and external information sources, as applicable. Additionally, the portfolio investments of each Fund are continuously reviewed by a team of FP professionals, which are generally the senior investment professionals of the Firm, and FP's investment professionals, including the Investment Committee and Credit Investment Committee, conduct portfolio reviews on a quarterly basis.

FP closely monitors the portfolio companies of the Funds and generally maintains an ongoing position on the Board of Directors of such portfolio companies for which it has a controlling position. Additionally, the applicable Fund's Advisory Board, and external auditor, annually review the valuations of Fund assets as prepared by the relevant General Partner. The General Partner retains ultimate responsibility for asset valuations pursuant to the terms of the relevant Fund Agreement.

Investors in Funds will typically receive, among other items, a copy of audited financial statements of the Fund within 120 days after the fiscal year end of such Fund. In addition, investors in each Fund will typically receive unaudited quarterly financial statements regarding such Fund following the end of each financial quarter. Investors in the Funds also receive regular reporting updates through quarterly letters, investor meetings, capital account statements, and other materials provided via the investor portal. FP and the applicable General Partner will 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.

In general, investor materials are provided electronically.

Item 14. Client Referrals and Other Compensation

While not a client solicitation arrangement, FP or its affiliates have, and in the future could, utilize a placement agent to assist in the placement of investor interests in the Funds. Any fees paid to any such placement agent generally would be in the form of a percentage of capital committed by certain investors. Any placement fees paid by the Funds results in a reduction of management fees payable to FP. As some Funds do not pay management fees, any such reduction will not benefit such Funds.

For details regarding economic benefits provided to FP by non-clients, including a description of related conflicts of interest, please see Item 11 above. In addition, FP, its affiliates and/or related persons may, in certain instances, receive discounts on products and services provided by portfolio companies.

Compensation to placement agents, if any, will be in accordance with Rule 206(4)-3 under the Advisers Act.

Item 15. Custody

Item 15 is not applicable to FP.

Item 16. Investment Discretion

FP has entered into an Advisory Agreement related to each Fund. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner of each Fund, and not individually to the investors in the Funds. Each such Advisory Agreement, together with the management authority granted to each Fund's General Partner pursuant to the Fund's Fund Agreement, provides FP with full discretion to determine investments to be purchased and sold on behalf of the Fund and the terms of the related transactions. Limitations on FP's investment discretion, which generally involve certain diversification requirements, are set forth in the investment management agreement with, and the Fund Agreements of, the Funds and/or the rules and regulations of any exchange or market on which FP trades securities on behalf of its Funds. Additionally, as referenced above, the Investment Committee or the Credit Investment Committee collectively have discretionary authority over investment decisions for the applicable Fund.

Item 17. Voting Client Securities

Rule 206(4)-6, “Proxy Voting by Investment Advisers” requires all investment advisers who exercise voting authority over client proxies to: (1) adopt policies and procedures for voting proxies in the best interest of the client; (2) describe the procedures to clients; and (3) inform clients how they may obtain information about how the adviser has actually voted their proxies.

Although generally not applicable to FP’s business, FP has adopted proxy voting policies and procedures to address how it will vote proxies for a Fund’s portfolio investments. FP’s proxy voting procedures are designed to address the resolution of conflicts of interest that may arise in connection with proxy voting, which includes, but is not limited to, identification of materiality and referring the matter to the applicable Fund’s Advisory Board. FP is responsible for voting and handling all proxies in relation to the securities held on behalf of its Funds. FP will vote proxies or abstain from voting proxies, in each case, in the best interest of its Funds, which will generally include voting in the interest of maximizing shareholder value, but under certain circumstances, when it is believed to be in the best interests of Funds, may include voting in a manner that is contrary to the proxy voting principles and guidelines.

Funds generally may not direct how FP will vote in a particular situation.

Funds and prospective clients may obtain a copy of FP’s proxy voting procedures, as well as specific information as to how certain proxies for securities held in a Fund were voted, upon the request from the Compliance Department at (415) 418-2900.

Item 18. Financial Information

FP is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Funds, and has not been the subject of a bankruptcy petition at any time during the past ten years.