

**GEMSPRING CAPITAL MANAGEMENT, LLC PART 2A OF FORM ADV: FIRM
BROCHURE**

Gemspring Capital Management, LLC

**54 Wilton Road
Westport, CT 06880
March 30, 2020**

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Gemspring Capital Management, LLC (“Gemspring”). If you have any questions about the contents of this Brochure, please contact Malcolm Applebaum, Gemspring’s Chief Compliance Officer at (203) 842-8941 or mal@gemspring. 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.

Gemspring is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. However, references to Gemspring as a registered investment adviser does not imply a certain level of skill or training.

Additional information about Gemspring is also available on its website at <http://www.gemspring.com> or on the SEC’s website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Gemspring filed its most recent Form ADV Part 2A on March 25, 2019. This annual amendment updates the description of the business practices of Gemspring and its affiliates.

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Item 4: Advisory Business

Item 4.A.

Gemspring Capital Management, LLC (“**Gemspring**”), a Delaware limited liability company, was formed in October 2015. Gemspring’s principal place of business is in Westport, Connecticut. As indicated on the Firm’s Form ADV Part 1A, Bret Wiener, the Firm’s Managing Partner, is Gemspring’s principal owner.

Item 4.B.

Gemspring is an investment management firm that provides discretionary advisory services to the following (each a “**Fund**,” and together with any future private investment fund to which Gemspring or its affiliates provide investment advisory services, the “**Funds**”) Gemspring Capital Fund I, LP, a Delaware limited partnership (“**Fund I**”), Gemspring Capital Fund I-A, LP, a Delaware limited partnership (the “**Blocker Fund I**”), Gemspring Capital Fund II, LP, a Delaware limited partnership (“**Fund II**”), Gemspring Capital Fund II-A, LP, a Delaware limited partnership (the “**Blocker Fund II**”) and co-investment funds for certain Gemspring personnel, Executive Advisors (defined below), certain investors and other persons, including market participants, finders, consultants, other service providers and certain other persons associated with the Firm (“**Executive Fund I**” and “**Executive Fund II**,” and together, the “**Executive Funds**”). Gemspring has retained Gemspring Capital GP I, LP as the general partner of Fund I and the Blocker Fund I; Gemspring Capital Executive GP I, LLC as the general partner of the Executive Fund I; Gemspring Capital GP II, LLC as the general partner of Fund II and the Blocker Fund II; and, Gemspring Executive GP II, LLC as the general partner of the Executive Fund II (together, the “**General Partners**,” and collectively with Gemspring and their current and future affiliated entities, the “**Firm**”) to manage the investment program of their respective Funds. The General Partners control the business and affairs of their respective Funds. The General Partners are subject to the Investment Advisers Act of 1940, as amended (“**Advisers Act**”), pursuant to Gemspring’s registration in accordance with Securities and Exchange Commission (“**SEC**”) guidance. See Item 10. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with Gemspring.

The Funds are private equity funds and generally invest through negotiated transactions in common stock, limited liability company interests or partnership interests or in securities convertible into common stock, limited liability company interests or partnership interests, including preferred stock debentures of middle market companies and lower-middle-market companies (each, a “**Portfolio Investment**” and collectively, the “**Portfolio Investments**”) through buyouts and significant minority transactions in each company (each, a “**Portfolio Company**”, and collectively, the “**Portfolio Companies**”). Although investments are made predominantly in non-public companies, investments in public companies are permitted under certain circumstances. From time to time, where such investments consist of Portfolio Companies, the senior principals or other personnel of Gemspring or its affiliates generally serve on such Portfolio Companies’ respective boards of directors or otherwise act to influence control over management of Portfolio Companies in which the Funds have invested.

The Funds will occasionally buy debt, make loans or extend credit but anticipate doing so primarily in connection with acquiring control of the target company. The Funds reserve the right to extend secured bridge financings to Portfolio Companies, including before a permanent capital structure is in place. Gemspring intends to use structures opportunistically to take advantage of collateral protection and mitigate downside risk. The Funds will seek to primarily invest approximately \$20 million to \$60 million of equity per transaction to acquire control positions in North American headquartered companies, although investments may also be made outside of this range.

Item 4.C.

Gemspring provides discretionary investment management and advisory services to the Funds pursuant to the terms of the private placement memorandums or other offering documents (each, a “**Memorandum**”), limited partnership agreements or other operating agreements or governing documents (each, a “**Partnership Agreement**” and together with any relevant Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss”. Gemspring’s services consist of managing each of the Funds’ portfolios, including sourcing, selecting, determining investments in, and monitoring investments of the Funds and the execution of transactions on behalf of the Funds.

Additionally, as further described herein and in the Memorandum and/or the Partnership Agreements, the Firm has the right to retain certain operating professionals to provide services to (or with respect to) one or more Funds or certain current or prospective Portfolio Companies in which one or more Funds invest (each an “**Executive Advisor**,” and collectively, the “**Executive Advisors Group**”). Such Executive Advisors Group members generally will not be employees of Gemspring (but may include affiliates of Gemspring, employees of such affiliates, third party consultants, “operating partners,” “strategic partners,” “executive partners” or “senior advisors”), and will provide services in relation to the identification, acquisition, holding, improvement and disposition of Portfolio Companies, including operational aspects of such companies. These services will also include serving in management or policy-making positions for Portfolio Companies.

Executive Advisors Group members generally receive compensation, including, but not limited to consulting fees, transaction fees, a profits or equity interest in a Portfolio Company, profits or equity interests in one or more Funds or the General Partners, stock awards, incentive-based compensation or other compensation, which typically will be determined by the General Partners. Such compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the Portfolio Company, the invested capital exposed to such Portfolio Company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Executive Advisors Group members who hold a board seat at a Portfolio Company also would be expected to receive compensation for their board service. Any such compensation received by an Executive Advisors Group member may be paid and/or reimbursed by a Portfolio Company or prospective Portfolio Company or directly by a Fund, and no such amounts will result in reductions or offsets to the Management Fee. The Executive Advisors Group members may also invest in the Funds. Any use of an Executive Advisors Group is expected to subject the Advisers to conflicts of interest, as discussed under “Conflicts of Interest,” below.

Gemspring is responsible for investing the assets of each Fund in accordance with the investment objectives, policies, and guidelines set forth in its Memorandums and Partnership Agreements. Investors in the Funds participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; such arrangements generally do not and will not create an adviser-client relationship between Gemspring and any investor. The Funds or the General Partners have in the past, and may in the future, enter into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the relevant Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the relevant Gemspring Documents, the Firm provides co-investment opportunities (including the opportunity to participate in co-invest vehicles such as the Executive Funds) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Gemspring’s personnel and/or certain other persons associated with Gemspring and/or its affiliates (e.g., a vehicle formed by Gemspring’s principals to co-invest alongside the Funds’ transactions). Such co-investments typically involve investment and disposal

of interests in the applicable Portfolio Company at the same time and on the same terms as the Funds. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the Portfolio Company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Gemspring's sole discretion, Gemspring reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle to seek reimbursement to the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

Item 4.D.

Gemspring does not participate in a wrap fee program.

Item 4.E.

As of December 31, 2019, Gemspring managed approximately \$505,408,551 in client assets on a discretionary basis. Gemspring does not intend to manage any of its clients' assets on a non-discretionary basis.

Item 5: Fees and Compensation

In general, Gemspring receives a management fee and each General Partner is entitled to carried interest in connection with advisory services. Gemspring or other Firm entities or affiliates receive additional compensation in connection with management and other services performed for Portfolio Companies of Funds and such additional compensation offsets in whole or in part the management fees otherwise payable to Gemspring. In addition, in certain circumstances the Firm receives compensation for management and other services performed in connection with co-investments made in Portfolio Companies of the Funds. Investors in a Fund also bear certain expenses.

Item 5.A.

During the investment period, each of the Funds pays its General Partner, quarterly in advance, an annual management fee (the "**Management Fee**") equal to 2% on an annual basis of aggregate non-affiliated investor capital commitments (as it pertains to each Fund, "**Commitments**"). An investor participating in a Fund's closing after such Fund's effective date (as further described in such Fund's Partnership Agreement, the "**Effective Date**") bears the Management Fee from such Fund's effective date and, in addition, is charged an amount equal to the product of (i) the prime rate plus 2% per annum multiplied by (ii) the amount of such assessed Management Fee, calculated from the date such Management Fee payments would have been due if such investor was admitted for its full Commitment on or prior to such Fund's effective date. Commencing with the first Management Fee due date after the expiration of the investment period for a Fund, or earlier upon the occurrence of certain events as set forth in that Fund's Partnership Agreement, the Management Fee for that Fund equals 2% of aggregate investment contributions, less certain amounts, and subject to the calculation specified in that Fund's Partnership Agreement. The General Partner has elected to waive a portion of the Management Fee in each Fund in exchange for a reduction in the General Partner's cash capital contribution obligation and / or a corresponding interest in Fund profits.

The Management Fee commences as of the Effective Date based on aggregate Commitments, regardless of when an investor is actually admitted. Except as otherwise agreed, each General Partner and investors who are affiliates, employees or other designees of such General Partner are not subject to carried interest or the

Management Fee. Each General Partner is permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest. Any such exemption from fees and/or carried interest is permitted to be made by a direct exemption, a rebate by the applicable General Partner and/or its affiliates, or through other Funds which co-invest with a Fund, such as the Executive Funds.

The precise amount of, and the manner and calculation of, the Management Fee for each Fund are established by the Firm, in negotiations with Fund's investors, and are set forth in such Fund's Partnership Agreement. The Management Fee, if any, for co-investments or co-investment vehicles, is negotiated by the Firm and the co-investors. Investors in the Executive Funds do not pay a Management Fee.

Item 5.B.

Fees are expected to be paid from current income and investment proceeds of the Funds and/or, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Item 5.C.

The Management Fee with respect to a Fund is reduced by such Fund's allocable portion of Transaction Fees (as defined in the Partnership Agreement and/or Memorandum) by an amount equal to 80% of such allocable portion of Transaction Fees attributable to non-affiliated investors. For Fund II only, any fees of the type described in the definition of Transaction Fees with respect to a Portfolio Company or prospective Portfolio Company will be allocated to the Partnership only to the extent of the Partnership's relative ownership or anticipated ownership of such Portfolio Company or prospective Portfolio Company on a fully-diluted basis, or in such other manner as the General Partner and the governing bodies of other funds managed or advised by Gemspring and/or any of its Affiliates that have co-invested (or committed to co-invest) in a Portfolio Company or potential Portfolio Company mutually agree, and only the Partnership's allocable portion of such fees shall be included in calculating such Transaction Fees.

"Transaction Fees" include: (i) directors' fees, financial consulting fees or advisory fees paid to the General Partner with respect to any Fund investment; (ii) transaction fees paid to the General Partner with respect to any Fund investment; and (iii) break up fees with respect to Fund transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth in the Partnership Agreement; but not including, in any event, any amount received by the General Partner, the Executive Advisors Group (as defined below) or other person from a Portfolio Company, (A) as reimbursement for expenses directly related to such Portfolio Company, (B) as payment for services provided to any Portfolio Company in the ordinary course of such Portfolio Company's business, (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such Portfolio Company or (D) as compensation, including fees, incentive equity or other stock awards, for services rendered by the Executive Advisors Group (or a member thereof) to a Portfolio Company or prospective portfolio company. Various costs and expenses reduce Transaction Fees (and therefore such amounts do not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees.

As a matter of practice, the Firm receives fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees related to the co-investors investment does not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and as a result a Fund, in most cases, only benefits with respect to its allocable portion on a fully diluted basis of any such fee and not the portion of any fee that relates to such co-investors or potential co-investors, which have the potential to be significant. Similarly, in certain circumstances, Gemspring expects that co-investors, lenders, consultants or other parties will negotiate the right to share a portion of such fees from a particular investment, and the above-described offset percentage will be applied after excluding any amounts paid to such persons. Additionally, as further described herein, it is the Advisers'

practice to use or retain certain Executive Advisors to provide services to (or with respect to) certain portfolio companies in which one or more Funds invest. Such Executive Advisors generally receive compensation and other amounts described herein from the relevant portfolio companies or Funds to which they provide services, but no such amounts will offset or reduce the Management Fee.

The Partnership Agreements permit the applicable General Partner to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Partnership Agreement as a deemed capital contribution by the General Partner, which is effectively invested in the Funds on the applicable General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute. The investors would be required to make a pro rata contribution according to their respective commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver results in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed or not be fully realized by investors.

Other Fees

Each Fund reimburses its General Partner for each Fund's and its affiliated entities' organizational and startup expenses (as further described in the Partnership Agreements), including travel, printing, legal, capital raising, accounting, regulatory compliance (including the initial compliance contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), any administrative or other filings and other organizational expenses. The General Partner bears the cost (through an offset against the Management Fee or otherwise) of all such organizational expenses of a Fund in excess of the amounts described in such Fund's Partnership Agreement, and of any placement fees payable to any placement agent in connection with the formation of the Funds.

In addition to the Management Fee and carried interest payable to the Firm, each Fund bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, a Fund pays all other fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, business, Portfolio Companies or actual or potential investments, including with respect to any person formed to effect the acquisition and/or holding of a portfolio company to the extent not borne or reimbursed by a Portfolio Company, potential portfolio company, or applied to reduce transaction fees, including, but not limited to, all fees, costs, expenses, liabilities and obligations relating or attributable to: (i) activities with respect to origination, identifying and sourcing of investment opportunities for the Funds, including meeting with consultants, broker-dealers, investment banks and other sources of investments and developing an investment pipeline, such as attending industry conferences and industry events; (ii) activities with respect to the structuring, organizing, negotiating, acquiring, consummating, financing, refinancing, hedging, holding, diligence (including any subscriptions to any periodicals, databases and/or research services) bidding on, owning, managing, monitoring, operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, taking public or private, selling or otherwise disposing of, as applicable, the Funds' Portfolio Companies and its actual and potential investments (including follow-on investments) or in seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors, whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, the Funds, Gemspring, the Firm, the General Partner or any "affiliated partner" on behalf of the Funds (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place

any such indebtedness or guarantee; (iv) broker, dealer, underwriting (including, without limitation, both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository (including any depository appointed pursuant to the AIFMD), Swiss representative and paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof, trustee, record keeping, account and similar services; (vi) legal, accounting, research, auditing, administration (including fees and expenses associated with compliance with any anti-money laundering laws and regulations, any third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services as well as costs related to the establishment or maintenance of such other services), research, consulting (including consulting and retainer fees paid to certain persons or service providers selected by the General Partner, salary and other compensation paid and benefits provided to the Executive Advisors Group (as defined below) or any of its members, consultants performing investment initiatives and other similar consultants, or services related to environmental, social and governance investment considerations and policies and other), tax and other professional services; (vii) expenses associated with the reporting, filings or other ongoing compliance requirements contemplated by the AIFMD (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto related to the Fund), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (viii) reverse breakup, termination and other similar fees; (ix) financing, commitment, origination and similar fees and expenses, (ix) insurance (including directors and officers liability, fidelity bond, portfolio company management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses including any costs and expenses related to any retention or deductibles and broker fees, costs and commissions) and the costs of any consultants or other advisors utilized in the procurement, review and analysis of insurance policies; (x) filing, title, transfer, survey, registration and other similar fees and expenses; (xi) printing, communications, mailing, courier, marketing and publicity; (xii) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Form PF and any Fund-related filings or Bureau of Economic Analysis Reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information (including an allocable portion of any licensing, maintenance, upgrade and / or implementation fees, expenses and costs of any investor administrative tools (including software and extranet tools) related to the foregoing) fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiii) compliance with any financial account reporting regime applicable to the Funds, any alternative investment vehicle and/or the General Partner, including any Code §§1471 - 1474, any successor legislation, any U.S. Department of Treasury Regulations, forms, instructions or other guidance issued pursuant thereto (i.e., FATCA), and any similar law, intergovernmental agreement or other legal or administrative requirement promulgated or agreed to by any jurisdiction, including the Standard for Automatic Exchange of Financial Account Information (Common Reporting Standard) of the Organisation for Economic Co-operation and Development, and any similar laws, rules and regulations, and any fees, costs and expenses of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting and ledger systems) or other administrative or reporting tools (including subscription-based services and customer relationship management (i.e., CRM)); (xv) any activities with respect to protecting the confidential or non-public nature of any information or data (including any costs and expenses incurred in connection with any European Union data protection laws or any freedom of information laws); (xvi) proceedings of the Funds' advisory board (including any reasonable out-of-pocket costs and expenses incurred by the members in attending such meetings); (xvii) to the extent provided in the Partnership Agreements, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Board (including any, costs and expenses incurred by representatives of the General Partner, the Advisory Board members, permitted observers and other persons in attending or otherwise participating in meetings of the Advisory Board); (xviii) indemnification

obligations (including legal and any other fees, costs and expenses incurred in connection with indemnifying any Partner or other person pursuant to the Partnership Agreements or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreements), except as otherwise set forth in the Partnership Agreement; (xix) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith, (xx) any annual Limited Partner meeting or other periodic, if any, meetings of the Limited Partners and any other conference, meeting or webcast with any Limited Partner(s), and any periodic executive forum of portfolio company management and other persons, in each case to the extent incurred by the Funds the General Partner or any other affiliate of the General Partner; (xxi) except as otherwise determined by the General Partner in its reasonable discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, Portfolio Companies or actual or potential investments (to the extent not borne or reimbursed by a Portfolio Company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding-up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs and expenses related to any structuring or restructuring of the Fund and/or its affiliated entities; (xxii) the termination, liquidation, winding-up or dissolution of the Funds and any legal entities owned directly or indirectly by the Funds, including portfolio companies and related entities; (xxiii) defaults by Limited Partners in the payment of any capital contributions; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Funds, the parallel fund, the General Partner, the parallel fund general partner, the ultimate general partner, Gemspring, any entities owned directly or indirectly by the Funds (including portfolio companies) and any alternative investment vehicle of the Funds or the parallel fund, including the preparation, distribution and implementation thereof (other than any amendments that constitute ordinary overhead and administrative expenses as described in the Partnership Agreements); provided that, with respect to amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the General Partner, the parallel fund general partner, the ultimate general partner and Gemspring, such amendments, waivers, consents or approvals relate to the affairs of the Partnership, the parallel fund or any alternative investment vehicle thereof; (xxv) (A) compliance with any law, rule, regulation, , policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider fees, costs and expenses related thereto, any regulatory expenses of the General Partner specifically incurred in connection with the operation of the Funds and any costs and expenses related to compliance with any environmental, social or governance investment considerations and policies of the General Partner and/or the Fund and/or (B) any costs and expenses related to the validation of any payments made to the Fund or the General Partner in connection with any voluntary or compulsory review (including any anti-money laundering laws, rules or regulations); (xxvi) any litigation or governmental inquiry, investigation or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreements; (xxvii) any third party experts, including independent appraisers, engaged by the General Partner in connection with the Funds considering, making, holding or disposing of, directly or indirectly, an investment in the same person as one or more investment vehicles (other than the Funds) managed or controlled by the General Partner or any of its affiliates; (xxviii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Partnership Agreement or any Limited Partner's name change, internal restructuring or change in registered agent or custodian; (xxix) any taxes, fees and other governmental charges levied against the Funds and/or any alternative investment vehicle and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Funds and/or any alternative investment vehicle (except to the extent that the Funds is reimbursed therefor by a reimbursing partner) and any costs and expenses of or related to the partnership representative; (xxx) distributions to the Partners and other expenses associated with the acquisition, holding and disposition of

investments, including extraordinary expenses; (xxxix) unreimbursed expenses and unpaid fees of the Executive Advisors Group or its members or other persons engaged by the Executive Advisors Group; (xxxix) compliance or regulatory matters (including any legal, administrative, consulting or other third-party service provider fees, costs and expenses related thereto), except as otherwise set forth in the Partnership Agreements, including compliance with the Partnership Agreements and/or any letter agreement; (xxxix) amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with Limited Partners and “most-favored-nations” election processes in connection therewith; (xxxix) any travel, car or ride sharing services or other modes of transportation), lodging, meals or reasonable business-related entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxix) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partner or Gemspring at any trade conference, including any applicable registration fees and exhibition, sponsorship or other presentation fees, costs and expenses; (xxxix) any Fund organizational expenses, (xxxix) any placement fees, and (xxxix) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Board.

The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of the Firm. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Transaction Fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. Excluded from Fund expenses are ordinary administrative and overhead expenses of the General Partner incurred in connection with managing, originating and monitoring investments, including employees’ salaries, rent, utilities and other similar expenses specified in the relevant Partnership Agreement. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, such fees are incurred in accordance with the general practices set forth in “Brokerage Practices.”

In the event that a Blocker Fund proposes to structure an investment using a blocker corporation or other intermediate entity to avoid causing investors of that Blocker Fund to incur unrelated business taxable income or income “effectively connected with the conduct of a trade or business within the United States,” all costs, expenses and reduction in proceeds attributable to such blocker corporation or other intermediate entity, including those related to the structuring, formation, operation and liquidation of, and all taxes incurred in connection with, related to or imposed on, a blocker corporation or other intermediate entity will be borne solely by the investors investing through such intermediate entity.

Each General Partner and/or its affiliates generally has discretion over whether to charge transaction fees, monitoring fees or other compensation to a Portfolio Company and, if so, the rate, timing and/or amount of such compensation as well as to charge such amounts at varying levels in a portfolio company’s holding or operating structure. The receipt of such compensation generally gives rise to potential conflicts of interest between the Funds, on the one hand, and the General Partners and/or their affiliates on the other hand.

Additionally, as further described herein and in the applicable Memorandum and/or Partnership Agreement of each Fund, it is Gemspring’s practice to employ, use or retain certain executive advisors to provide services to (or with respect to) the Funds or certain current or prospective Portfolio Companies in which the Funds invest. Such Executive Advisors generally provide services in relation to the identification, acquisition, holding, improvement and disposition of Portfolio Companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for Portfolio Companies. Executive Advisors generally receive compensation, including,

but not limited to consulting fees, transaction fees, a profits or equity interest in a Portfolio Company, profits or equity interests in one or more Funds or the General Partners, stock awards, incentive-based compensation or other compensation, which typically is determined by the General Partners. Such compensation is determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the Portfolio Company, the invested capital exposed to such Portfolio Company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Executive Advisors Group members who hold a board seat at a Portfolio Company also receive compensation for their board service. Pursuant to the Partnership Agreements of the Funds, Executive Advisors Group members also generally are reimbursed for certain travel and other costs in connection with their services that are not otherwise reimbursed by a Portfolio Company. Any such compensation or reimbursement received by an Executive Advisors Group member is paid and/or reimbursed by a Portfolio Company or prospective Portfolio Company or directly by a Fund, and no such amounts results in additional offsets to the Management Fee. Certain Executive Advisors Group members also invest in the Funds. The use of Executive Advisors subjects Gemspring to conflicts of interest, as discussed under “Conflicts of Interest,” below.

Item 5.D.

The Funds pay a non-refundable management fee in advance as set forth in Item 5A above. Withdrawals of capital from Funds generally are not permitted. The Funds generally invest on a long-term basis. Accordingly, management fees are paid, except as otherwise described in the Partnership Agreements, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds. Installments of the management fee payable for any period other than a full calendar quarter are adjusted on a pro rata basis according to the actual number of days in such period.

Item 5.E.

Neither Gemspring nor its supervised persons are compensated for the sale of securities or other investment products, and mutual funds.

Item 6: Performance-Based Fees and Side-by-Side Management

Certain of Gemspring’s affiliates generally are entitled to receive carried interest distributions with respect to the Funds. The carried interest or incentive distribution is effectively equivalent to a percentage of a Fund’s net profits, subject to certain terms and conditions set forth in the Partnership Agreements of the Funds. Any share of Fund net profits paid to Gemspring’s affiliate is separate and distinct from any annual Management Fees and other fees paid or borne by the Funds. As a fiduciary, Gemspring recognizes that it must treat all its clients fairly and must refrain from favoring one client’s interests (or Gemspring’s own interests) ahead of another client(s). Certain investors in the Executive Fund I and Executive Fund II do not pay carried interest.

Carried interest distributions could motivate Gemspring to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. For example, a carried interest distribution generally entitles Gemspring’s affiliate to a percentage of the net profits of a Fund; however, such affiliate is not required to bear the same proportion of the net losses, if any, suffered by the Funds as a whole. Gemspring generally attempts to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital, a preferred return and expenses be returned to investors from a Fund before Gemspring’s affiliate is entitled to receive any carried interest distributions from that Fund; (ii) the requirement that Gemspring and/or its affiliates have a capital commitment to the applicable Fund; and (iii) the periodic clawback obligations of Gemspring’s affiliate by a Fund.

The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions. Certain of Gemspring's individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict. Each General Partner generally has the authority to waive carried interest with respect to certain affiliated partners and other investors as described under "Fees and Compensation."

In general, Gemspring attempts to address any material conflicts through full and fair disclosure in the applicable offering documents and this Brochure, together with disclosures to the applicable advisory boards, as applicable.

Item 7: Types of Clients

Gemspring provides discretionary investment management services solely to its Fund clients, and references throughout this Brochure to "clients" and to Gemspring's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Company Act. The investors participating in the Funds generally include high-net worth individuals and institutional clients, and principals or other employees of Gemspring and its affiliates and members of their families, members of the Executive Advisors Group or other service providers retained by the Firm.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The minimum initial capital commitment generally required for an investor in a Fund is set forth in each Fund's offering documents (subject to Gemspring's discretion to accept a lesser amount). Generally, investors in the Funds must be "accredited investors," as defined in Regulation D promulgated under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, and "qualified purchasers" as that term is defined under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder, unless such requirements are waived in the discretion of the Fund's General Partner (or qualified knowledgeable Firm personal).

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

Item 8.A.

The Firm normally seeks to acquire control positions in North American headquartered companies within certain Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") between \$10 million and \$40 million that Gemspring believes are under-optimized and where value is obscured by complexity and sale process inefficiency. The Firm has a broad sector focus with a bias toward services and against cyclicity and capital intensity.

Gemspring targets investment opportunities where the Firm believes value is obscured by complex situations and/or inefficient sale processes and that tend to attract fewer competing buyers as a result. Business complexity can include mismanagement, under-invested or orphaned assets, operational inefficiencies, poor strategic positioning, management challenges and/or financial distress. Industry complexity can include out of favor sectors, industry transitions and/or industries facing regulatory challenges. Sale process inefficiency can include proprietary situations, broken auctions, poorly marketed

assets, motivated / forced sellers, expedited timing requirements, imperfect due diligence information and/or the need, desire or opportunity for creative deal structures.

Business and/or industry complexity and inefficient sale processes limit buyer competition and provide an opportunity for value pricing and creative deal structures. The goal is to generate outsized returns while taking less than commensurate risk. Gemspring seeks to minimize impairment risk through purchase prices, deal structures and adaptability that provide a margin of safety.

While Gemspring invests with a value orientation and seeks to pay discounted prices for assets, the Firm targets companies that it believes are fundamentally high-quality businesses. Characteristics targeted include:

- Fundamentally good business
- Business, industry and / or process complexity
- Insufficient management team
- Poor strategic positioning
- Unrealized growth potential
- Under-optimized cost structure
- Undeveloped M&A strategy
- Inefficient sale process or proprietary situation
- Opportunity to employ creative deal structures to mitigate risk, align incentives and drive upside
- Attractive purchase price with a perceived margin of safety and opportunity for outsized returns

A cornerstone of Gemspring's investment process is to identify multiple levers to drive valuation creation over the course of the Funds' ownership. The Firm will take a hands-on approach in seeking to driving growth and operating efficiencies and mitigating the risk and complexity that was present at the time of acquisition.

Gemspring seeks to generate attractive returns by acquiring what the Firm believes are fundamentally good businesses that are under-optimized and driving significant organizational and operational change that the incumbent ownership or management team is unwilling or unable to affect. The Team underwrites individual investments to a broad range of outcomes, seeking to combine protection against principal loss and a measured margin of safety with a real path to outsized returns driven by multiple potential levers that can increase enterprise value. Gemspring seeks to avoid losses by focusing on value purchase prices in companies where the Team believes the Firm's operational involvement will generate at least a modest return in the event upside cases are not achieved.

Sourcing is a critical aspect of Gemspring's investment strategy. The Firm endeavors to efficiently source, review and process a high volume of opportunities in order to find attractive investments. Gemspring generates deal flow through a variety of channels and positions itself to be a buyer of choice for both sellers and intermediaries. The Firm proactively covers a large universe of potential deal sources and has three dedicated business development professionals that help to significantly expand its sourcing funnel.

Gemspring believes its distinct investment strategy coupled with its network of deal sources and origination resources gives the Firm access to off-the-run, under-marketed transactions. To maintain value discipline and selectivity, the Gemspring Team is efficiently involved in multiple potential investment situations at once.

Gemspring has a wide array of both traditional and innovative sourcing resources that have been internally developed and are managed by various members of the Team. The Firm's historical success can be partially attributed to its origination model, which includes: (i) a well-established deal flow network that focuses on informal and unconventional sources (e.g., accountants, lawyers, brokers); (ii) close relationships with CEOs and industry executives who provide differentiated access to deals; (iii) a dedicated team of in-house business development professionals solely focused on expanding Gemspring's network; and (iv) technology platforms and resources that support deal flow and streamline outreach efforts. The Firm maintains deep historical deal networks and transaction relationships, including investment and business development professionals maintaining an active dialogue with a wide network of traditional and non-traditional deal flow sources. Each member of the Firm is responsible for covering high value intermediaries known to maintain relationships with companies in Gemspring's target opportunity set; and, industry executives, including Executive Advisors and consultants, working with Gemspring, often on an exclusive basis, to assist in proactive industry searches and to evaluate relevant inbound opportunities. Gemspring has found that including these persons in the sourcing process has resulted in a greater proportion of both quality and proprietary opportunities. Executive Advisors have been extremely helpful in generating inbound deal flow, providing feedback in the evaluation of opportunities and assisting in the operation of portfolio companies. Gemspring has been successful in partnering with Executive Advisors and other consultants and senior executives, often before actionable opportunities have been identified, as a result of the Team's prior operating experience, reputation and potential for economic incentives.

Gemspring has three full-time business development professionals who proactively contact intermediaries and other sources of deal flow, including a large universe of specialty consultants, restructuring groups and lenders. In addition, business development professionals reach out directly to company management and owners.

Gemspring strongly believes an organized and measurable go-to-market strategy is the most successful approach to sourcing and origination. To assist in managing and monitoring the Firm's sourcing efforts, Gemspring utilizes a private equity-tailored CRM system that optimizes sourcing efforts and aids in the oversight and organization of the deal execution process. Gemspring leverages the CRM to track activities with its sourcing network, which includes over 2,000 intermediaries and other sources, and to optimize communication with the Firm by allowing every Gemspring professional to monitor and review outbound communications and call notes. This helps the Team prioritize outreach, monitor the status of the pipeline and measure the ROI of various deal sourcing strategies. While private equity sourcing is largely driven by individual relationships and reputation, the Firm also actively researched and subscribes to various technology and sourcing platforms that it leverages to monitor the market.

Gemspring employs a repeatable due diligence and investment process supported by fundamental research and data-driven decision-making.

Gemspring's due diligence begins during the origination phase, which is designed to generate a high volume of deals. In addition to the dedicated business development team, every investment professional has origination responsibilities and the Team's dialogue with proprietary and intermediate deal sources is focused on generating as much quality volume as possible while also collecting valuable initial due diligence information.

Once preliminary investment materials are received, they are reviewed by members of the Team for initial screening. Initial screening is focused on (i) industry attractiveness; (ii) competitive position; (iii) business strength; and (iv) risk assessment. Gemspring assesses the value creation potential of each investment,

including elements of complexity that the Firm is well-suited to resolve, and seeks to develop a differentiated view from other potential buyers.

Following initial screening, new opportunities must be sponsored by a senior investment professional in order to be presented for initial Investment Committee discussion. Following an initial Investment Committee discussion, internal and external due diligence resources are systematically ramped up commensurate with an investment opportunity's attractiveness and progress to ensure Gemspring is effectively deploying resources against its significant origination volume. As an opportunity continues through the due diligence process, Gemspring increasingly utilizes third-party resources to aid in the evaluation of various workstreams, including, but not limited to, financial and accounting, tax, legal and compliance, information technology, human resources and benefits and environmental.

Key aspects of the diligence process are summarized below:

- Early and focused identification of key risks and opportunities
- Seek to develop a differentiated view from other potential buyers
- Develop plan for transformational operating and strategic initiatives
- Evaluate attractiveness and actionability of add-on acquisitions
- Assess relationships and develop engagement / transition plan for all key stakeholders – management, employees, customers, suppliers, creditors, etc.
- Employ creative deal structures to try to mitigate risk, align incentives and drive upside

Gemspring seeks to dedicate significant time and resources during the underwriting process to develop a discrete list of initiatives designed to (i) resolve the underlying complexities facing a prospective portfolio company; and (ii) identify actionable opportunities for growth and expansion. The first six to twelve months after an acquisition are characterized by intense engagement with management to set the strategy for the business and finalize the growth and profit improvement plan. During this time period, it is also critical to instill the culture of urgency and accountability Gemspring seeks to foster across its portfolio.

In each investment, Gemspring seeks to assemble a strong management team to not only ensure the proper execution of key initiatives but also to make its portfolio companies attractive targets to future buyers. Gemspring does not avoid opportunities where it has identified deficiencies in incumbent leadership; rather, Gemspring often views those deficiencies as opportunities given the Firm's ability to attract and recruit management talent. The Firm has successfully replaced and/or supplemented existing management teams in eight of eleven platform investments made to date in Fund I.

The Firm intends to utilize relationships with its Executive Advisors and its broader network of consultants and industry executives and recruiters with whom it has had past success to help identify and recruit management talent. In addition, as part of its screening process for senior portfolio company management hires, Gemspring utilizes the services of an industrial / organizational psychologist to help develop a criteria scorecard and conduct extensive executive assessments.

In the months following an acquisition, Gemspring's deep engagement with a portfolio company allows the Team to develop extensive relationships with second level managers and contributors throughout the organization. This enables Gemspring to build a broadly informed and holistic perspective on the business and additional areas of opportunity. In order to best align incentives, Gemspring designs compensation plans for management and employees tied to operating metrics in an effort to drive profitability and achieving milestones of key value creation initiatives.

Gemspring targets complex situations that often deter other private equity investors. A key tenet of Gemspring's investment strategy is to drive value at exit by resolving these complexities through a series of transformational initiatives. The Gemspring Team has experience actively managing and resolving risk to create value in the following situations: (i) businesses that are financially or operationally under-optimized and in need of a cost rationalization or turnaround plan; (ii) corporate carve-outs of assets sold without a management team or the support of major corporate functions; (iii) family-owned businesses lacking the financial controls or infrastructure to support institutional capital and significant growth; and (iv) companies facing discrete risks that are often misunderstood, such as legacy litigation or a shifting regulatory regime. Gemspring's willingness to engage in situations that require a nuanced understanding of complicated issues and a disciplined approach to developing mitigation strategies affords it the opportunity to offer unique and creative solutions to sellers while driving significant value creation in the underlying business.

Gemspring believes that establishing a culture of urgency and accountability in an organization is essential to the success of any investment. As part of this endeavor, Gemspring collaborates with management to identify operating data that should be regularly analyzed and reported to improve decision-making and reduce operating risk. However, the Firm has found that management teams often lack this critical real-time information for the businesses they operate. As such, Gemspring will often lead the introduction or overhaul of Management Information Systems ("MIS") and Enterprise Resource Planning ("ERP") systems in order to ensure management is sufficiently equipped with the information required to exercise informed, data-driven business decisions. The disciplined development and use of such information – often delivered in "flash reports" or "operating dashboards" – is invaluable in assessing progress towards key initiatives and ultimately drives greater management accountability.

Gemspring takes a similarly rigorous approach to assessing and evaluating the long-term strategy of its portfolio companies. In conjunction with management and outside directors, Gemspring conducts a systematic review of a company's market, competition and positioning throughout the course of its ownership and believes in regularly challenging and testing the assumptions driving the strategy of the business. Gemspring believes the appointment of experienced independent board members can add value to an organization and encourages participation from outside directors during quarterly board meetings as well as ongoing discussions with Gemspring and management. Consistent with Gemspring's hands-on investment approach, Gemspring investment professionals serve on the board of each portfolio company and are actively involved in board-level decision-making across the portfolio.

Once Gemspring has mitigated the complexity present at the time of a company's acquisition, it actively pursues strategies designed to return capital and de-risk its investment in advance of a sale, seeking to maintain efficient capital structures throughout its portfolio as the conditions surrounding each business evolve. Gemspring's extensive relationships across the middle market lending community afford its portfolio companies access to a wide universe of debt providers and financing sources. While the timing and circumstances of an exit are unique to each investment, Gemspring will generally initiate a sale process after it has assembled an experienced management team, driven meaningful change throughout the organization and achieved significant growth in revenues and profitability – factors that were often lacking at acquisition and decreased the initial valuation, and the reversal of which can often result in multiple arbitrage upon exit. Throughout its ownership period, Gemspring strives to transition what it believes are fundamentally good businesses it acquired for attractive prices through inefficient sales processes into strategically-positioned assets that others want to own. Gemspring believes that most exits will be achieved by conducting broad auction sale processes designed to maximize competitive tension and valuations. It also believes that most exits will be achieved by sales to strategic industry buyers or financial buyers.

Item 8.B and Item 8.C.

Risk Factors

1. *Business Risks.* Each Funds' investment portfolio consist 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.

2. *Investment in Junior Securities.* The securities in which the Funds' invest are 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 the Fund's investment once made.

3. *Concentration of Investments; Lack of Diversification.* The 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, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

4. *Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partner, the Funds and their respective affiliates.

To the extent that the Funds encounter significant competition for investments, returns to Limited Partners may decrease. In addition, it is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the Commitments of the Limited Partners are invested, the Limited Partners will be required to bear Management Fees through the Funds during the Investment Period based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the Partnership Agreement.

5. *Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Funds primarily through making private equity investments as described herein, the General Partner may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The General Partner may pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

6. *Growth Equity Transactions.* The Funds strategy includes targeting 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.

7. Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Funds invest are (or may become) (i) highly regulated at both the federal and state levels in the U.S. and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest.

8. Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The Fund's ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual and other limitations on transfer or other restrictions that could interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In view of these limitations on liquidity, the return of capital or realization of gains, if any, on an investment generally will occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Funds capital, including unfunded Commitments.

9. Leveraged Investments; Borrowing. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Funds opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. 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 and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of 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 the Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Additionally, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Funds may hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from the portfolio company that would adversely affect the Funds ability to generate attractive returns for

the Funds as a whole. Any failure by lenders to provide previously committed financing could also expose the Funds to potential claims by sellers of businesses which the Fund may have been contracted to purchase. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

The Funds may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. Although the use of leverage by the Funds may increase the Fund's ability to swiftly invest capital, it will also result in interest expense and other costs to the Funds that may exceed, or otherwise not be covered by, distributions made to the Funds or appreciation of its investments. The Funds may incur leverage on a joint and several basis with one or more other investment funds and/or other entities managed by or otherwise affiliated with the General Partner or any of its affiliates and, in connection with incurring such indebtedness, the General Partner may, in its sole discretion, cause the Funds to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when the Funds were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent the Funds incurs leverage (or provides any guaranty), such amounts may be secured by the capital commitments of the Funds investors and other Fund assets. Any leverage secured by the capital commitments of the Funds investors could enable a lender to issue a capital call on behalf of the General Partner of the Fund, and such investors' contributions may be required to be made directly to the lender instead of to the Funds. Conflicts of interest have the potential to arise in that the use of such facilities typically delays the need for Limited Partners to make capital contributions to the Funds, which in certain circumstances enhance the Funds performance figures and thereby benefit the General Partner and its affiliates.

10. No Market for Interests; Restrictions on Transfer; No Right of Withdrawal. Limited Partner interests in the Funds generally may not be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the General Partner, which may be withheld pursuant to the Partnership Agreements, and the volume of transfers permitted in any calendar year may be restricted in order to comply with certain safe harbors under the tax regulations promulgated under the Code. Voluntary withdrawals from the Funds will not be permitted except in very limited circumstances generally involving situations where retaining an interest in the Funds would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. Interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be transferred unless they are subsequently registered under the Securities Act and any other applicable securities laws, or unless an exemption from such registration is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Limited Partners may not be able to liquidate their investments prior to the end of the Funds term and must be prepared to bear the risks of an investment in the Fund for an extended period of time.

11. Subscription Lines. The Funds entered into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the Limited Partners, Limited Partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in incremental Fund expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment

and negotiation of the terms of the borrowing facility. Because a subscription line's interest rate is based in part on the creditworthiness of the Limited Partners and the terms of the Partnership Agreement, it may be higher than the interest rate a Limited Partner could obtain individually. To the extent a particular Limited Partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement may contain other terms that restrict the activities of the Funds and the Limited Partners or impose additional obligations on them. For example, a subscription line may impose restrictions on the General Partner's ability to consent to the transfer of a Limited Partner's Interest. In addition, in order to secure a subscription line, the General Partner may request certain financial information and other documentation from Limited Partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more Limited Partners.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to fund investments and pay Fund expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the-then current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by the Funds. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. The Fund may also utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Funds are ultimately unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

12. Investments Longer than Term. The Funds may make investments that may not be advantageously disposed of prior to the date the Funds are dissolved, either by expiration of the Funds term or otherwise, or the Funds term may be extended to facilitate the wind-down of the Fund. Although the General Partner generally expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the General Partner has a limited ability to extend the term of the Funds, and the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. To the extent that such investments are held in trust, the trust may incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to the Limited Partners will occur.

13. Distributions In-Kind. Although, under normal circumstances, prior to the termination of the Funds, the Funds intend to make distributions in cash or marketable securities, it is possible that under certain circumstances (including the winding-up of the Funds), the Funds will make in-kind distributions of investments for which there is no readily available market and/or which may be subject to substantial restrictions on sale or transfer, and any such investments will also be difficult to value. It may be difficult for Limited Partners to liquidate the investments received at a price or within a time period that is

determined to be ideal by such Limited Partners, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Limited Partners in receipt of a distributed investment will have no guidance from the Fund or the General Partner with respect to disposition of such investment (including timing of such disposition). The price at which such investments may be sold by such Limited Partners may be lower than the value of such investments determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest accruing to the General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

14. *Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds, is vested with the General Partner. Consequently, the Funds future profitability and investment performance will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Funds ability to realize its investment objectives. In addition, the Principals currently, and may in the future, manage or advise other investments and/or investment funds besides the Funds and the Principals may need to devote substantial amounts of their time to the investment activities of such other investments and/or funds, which may pose conflicts of interest in the allocation of the time of the Principals. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Funds or one or more of its portfolio companies, including potential acceleration of debt facilities. Furthermore, there can be no assurance that the Funds investments will achieve results similar to those attained by previous investments of the Principals. In addition, the Funds investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

The success of many of the Funds portfolio companies is heavily dependent on the management team of such companies. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Additionally, the General Partner will generally establish the capital structure of companies in which the Funds invests on the basis of the General Partner's financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although the General Partner will be responsible for monitoring the performance of each portfolio investment and the Funds generally intends to invest in companies with strong management teams or recruit strong management teams to such companies, there can be no assurance that the existing management team, or any successor, will be able or willing to successfully operate a company in accordance with the Funds objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with such company throughout the period the portfolio company is held by the Funds. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

15. *Projections.* Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the

projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

16. Risk in Effecting Operating Improvements. In some cases, the success of the Funds investment strategy will depend, in part, on the ability of the Funds to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of a portfolio company's key personnel and disrupt normal business operations of such company. There can be no assurance that the Funds will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

17. Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions. Before making investments, the General Partner will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and the General Partner may rely on the advice received from such third parties. Investment analyses and decisions by the General Partner may, at times, be undertaken on an expedited basis in order for the Fund to take advantage of investment opportunities and/or consummate investments. In such cases, the information available to the General Partner at the time of an investment decision may be limited, and the General Partner may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily be indicative that an investment will be successful or that the Funds will realize a return on its invested capital.

18. Conflicting Investor Interests. Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, conflicts may arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment, tax and other relevant objectives of the Funds and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

19. Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the 2007-2008 downturn in the U.S. and global financial markets, may complicate or prevent the Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

20. *Privacy, Data Protection and Information Security Compliance Risk.* Applicable laws and regulations related to privacy, data protection and information security could increase costs for the Funds and/or its portfolio companies, and a failure to comply with such laws and regulations could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of the Funds and/or its portfolio companies.

Portfolio companies 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 protection and data transfer mechanisms are in place.

For example, 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 meet 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 European Union (the “EU”) data protection law previously in effect was derived from the Data Protection Directive (Directive 95/46/EC) and had been implemented by national legislation across all 28 EU member states. On May 25, 2018, the General Data Protection Regulation (EU 2016/679) (the “GDPR”) replaced the pre-existing legislation. 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. As a regulation, the GDPR applies to data controllers and data processors in all EU member states, immediately upon coming into effect, without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach than the pre-existing legislation and will have a significant impact on data controllers and data processors (i) with an establishment in the EU, (ii) that offer goods or services to EU data subjects or (iii) that monitor EU data subjects’ behavior within the EU. The new regime 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 also be repealed by the EU Commission’s Regulation on Privacy and Electronic Communications (the “ePrivacy Regulation”), which aims to reinforce trust and security in the digital single market by updating the legal framework on electronic privacy. The ePrivacy Regulation was projected to take effect in early 2019, the draft text is currently in the process of being finalized. Due to delays in negotiations on the final agreed text, the ePrivacy Regulations may not be adopted until 2020 at the earliest, and there would likely be a further transitional period before it become effective (the details of which are uncertain).

The GDPR principles on the processing of personal data have been implemented into laws enforceable in the United Kingdom by the Data Protection Act 2018. The United Kingdom could be deemed a “third country” for the purposes of EU data protection law. To the extent the Funds and/or its portfolio companies transfer personal data from the EU to the United Kingdom, additional mechanisms may be required to legitimize such transfers. The United Kingdom’s exit from the EU is therefore likely to lead to an increase in data protection compliance costs.

Compliance with current and future privacy, data protection and information security laws and regulations 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 the Funds current or planned business activities. A failure to comply with such laws and regulations could result in fines, sanctions or other penalties, which could materially and adversely affect results of operations and the overall business of the Fund and/or its portfolio companies, as well as have an impact on reputation.

21. *Alternative Investment Fund Managers Directive.* The EU Alternative Investment Fund Managers Directive (the “AIFMD”) regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area (the “EEA”).

To the extent that the Funds are actively marketed to investors domiciled or having their registered office in the EEA: (i) the Funds, the General Partner and/or Gemspring will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Funds incurring additional costs and expenses; (ii) the Funds, the General Partner and/or Gemspring may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Funds incurring additional costs and expenses or may otherwise affect the management and operation of the Fund; (iii) the Fund, the General Partner and/or Gemspring will be required to make detailed information relating to the Funds and its investments available to regulators and third parties; and (iv) the AIFMD will restrict certain activities of the Funds in relation to EEA portfolio companies (including, in some circumstances, the Funds ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership), which may in turn affect operations of the Funds generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its target amount of Commitments.

22. *Withdrawal of the United Kingdom from the European Union.* On March 29, 2017, the United Kingdom (“UK”) formally notified the European Council of its intention to leave the EU (“Brexit”). Under the process for leaving the EU contemplated in article 50 of the Treaty on the Functioning of the EU, the UK will remain a member state until a withdrawal agreement is entered into or the terms are otherwise ratified by the UK and the EU Parliaments.

After a number of iterations, the European Commission and the UK’s negotiators reached agreement on the terms of the UKs withdrawal from the EU. The agreement has been approved by the UK Parliament and approval from the EU Parliament is expected on January 29, 2020. As such, the UK formally left the EU on January 31, 2020 at 11.00 pm and has entered a transition period specified in the withdrawal agreement, which is scheduled to end on December 31, 2020. During this period, it is expected that the majority of the existing EU rules will continue to apply in the UK.

The terms of UK’s future relationship with the EU are still uncertain, including UK’s access to the EU single market permitting the exchange of goods and services between the UK and the EU. The UK expects to agree a deal on a future relationship with the EU by the end of the transitional period but whether this is possible and the scope of any such agreement is presently unclear.

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

The legal, political and economic uncertainty generally resulting from the UK’s exit from the EU may adversely affect both EU and UK-based businesses. This uncertainty may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU member states.

23. *Registration under the U.S. Commodity Exchange Act.* Registration with the U.S. Commodity Futures Trading Commission (“CFTC”) as a “commodity pool operator” or as a “commodity trading advisor” or any change in the Fund’s operations necessary to maintain the General Partner’s ability to rely upon the exemptions from registration could adversely affect the Funds ability to implement its investment program, conduct its operations and/or achieve its objectives and subject the Funds to certain additional costs, expenses and administrative burdens. Furthermore, any determination by the General Partner to cease or to limit investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC may have a material adverse effect on the Fund’s ability to implement its investment objectives and to hedge risks associated with its operations.

24. *Sanctions Compliance Considerations.* Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict the General Partner, the Funds, its portfolio companies and their respective officers, directors and employees from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These persons and entities include specially designated nationals and other persons and entities targeted by OFAC sanctions programs. The lists of OFAC restricted countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at www.treas.gov/ofac. In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions and similar laws and regulations in non-U.S. jurisdictions may significantly restrict the Fund’s direct or indirect investment activities in certain countries. The economic sanctions and related laws of different jurisdictions in which the Fund makes investments also may conflict with one another, such that compliance with all applicable laws may be difficult. Failure by the General Partner, the Fund or any of the Fund’s portfolio companies to comply with OFAC or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties.

25. *Anti-Corruption & Anti-Boycott Considerations.* The U.S. Foreign Corrupt Practices Act (“FCPA”), the U.K. Bribery Act (“UKBA”) and other anti-corruption and anti-bribery laws, as well as U.S. anti-boycott regulations may impact the General Partner, the Funds and the Fund’s portfolio companies. The Funds may be adversely affected or fail to pursue certain investment opportunities because of the General Partner’s unwillingness to participate in transactions that potentially violate such laws and regulations. Such laws and regulations may make it difficult in certain circumstances for the Fund to act successfully on investment opportunities or to obtain or retain business. In recent years, U.S. regulators have been increasingly focused on private equity sponsors’ compliance with the FCPA. Any determination that the General Partner, the Funds, its portfolio companies or any of their respective officers, directors or employees has violated the FCPA, the UKBA or other applicable anti-corruption laws, anti-bribery laws, or U.S. anti-boycott regulations, could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and/or a general loss of investor confidence, any one of which could adversely affect the Fund’s business prospects and/or financial position, as well as the Fund’s ability to achieve its investment objective and/or conduct its operations.

26. *Need for Follow-On Investments.* Following its initial investment in a given portfolio company, the Funds may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that the Fund will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by the Funds 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 (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for the Funds to increase its participation in a successful portfolio company or the dilution of the Funds ownership in a portfolio company if a third party invests in such portfolio company.

27. *Over-Commitment.* In order to facilitate the acquisition of a portfolio company, the Funds may make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the Funds will bear the risk that any or all of the excess portion of such investment may not be sold or may be sold on unattractive terms and that, as a consequence, the Funds may bear the entire portion of any breakup fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or realize lower than expected returns from such investment.

28. *Non-U.S. Investments.* The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Fund's non-U.S. investments are denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Funds and/or the Partners; (x) differing and potentially less well-developed or well-tested laws, including regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

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

In some cases, particularly in OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the CFTC or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

30. *Significant Adverse Consequences for Default.* The Partnership Agreements provide for significant adverse consequences in the event a Limited Partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting Limited Partner may be forced to transfer its interest in the Funds for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest. Whether and how to exercise the Funds remedies against a defaulting Limited Partner will be determined by the General Partner, in its sole discretion, and the General Partner may require the non-defaulting Limited Partners to contribute capital to make up for the shortfall created by such defaulting Limited Partner. Additionally, if the contributions made by non-defaulting Limited Partners and borrowings by the Funds are inadequate to cover the defaulted amount of a defaulting Limited Partner, the Funds may be unable to pay its obligations when due and, as a result, the Fund may be subjected to significant penalties that could materially adversely affect the returns to the Limited Partners (including non-defaulting Limited Partners).

31. *Impacts of Excuse or Exclusion.* A Limited Partner's participation in the Funds investments may be limited by virtue of the General Partner's right to exclude a Limited Partner from, or a Limited Partner's right to be excused from, participating in certain of the Funds investments as set forth in the Partnership Agreement, thereby increasing the participation of other Limited Partners. As a consequence of one or more Limited Partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of even one investment by the Funds.

32. *Dilution.* Limited Partners admitted or that increase their respective Commitments to the Funds at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Fund's existing investments at the time of such contributions.

33. *Transfer by General Partner.* To the extent the General Partner, its partners, the Principals and/or their respective affiliates commit to make a direct or indirect investment in or alongside the Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreements.

34. *Public Company Holdings.* The Funds investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the 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, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

35. *Recycling; Reinvestment.* During the Investment Period, the General Partner generally has the right to recall certain capital returned or distributed to the Partners. Accordingly, during the term of the Funds, a Partner may be required to make capital contributions in excess of its Commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, a Partner will remain subject to investment and other risks associated with such investments.

36. *Fees and Expenses.* The Funds will pay and bear all expenses related to its operations, including Management Fees and the costs of holding, monitoring, maintaining and disposing of portfolio companies, including investment banking fees and consulting fees, whether or not the Funds makes any profits. While it is difficult to predict the future expenses of the Funds, such expenses may be substantial and may surpass the Funds operating income. The amount of these partnership expenses will reduce the actual returns realized by Limited Partners on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of the Funds expenses ultimately called or called at any one time may exceed expectations.

37. *Control Person Liability.* The Funds are expected to have controlling interests in a number of their portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws and regulations) and other types of liability, for which the limited liability generally afforded to a company's beneficial owners may be ignored. In particular, if determined to be a direct owner or operator of any of the portfolio company's facilities or operations, the Funds could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, the Fund could suffer significant losses. While the General Partner intends to manage the Funds in a manner that will minimize the exposure of these risks, the possibility of successful claims against the Funds and/or its affiliates cannot be precluded.

38. *Non-controlling Investments.* The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Funds holds a minority stake, it may be more difficult for the Funds to liquidate its interests than it would be had the Funds owned a controlling interest in such company. Even if the Funds have contractual rights to seek liquidity of the Funds minority interest in such companies, it may be very difficult to sell such interest upon terms acceptable to the Funds.

To the extent the Funds invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or its Limited Partners. Such third parties may be in a position to take action contrary to the Funds business, tax or other interests, and the Funds may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, the Funds generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the Funds will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

39. *Director Liability.* The General Partner expects that the Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests (each, a "Board Representative"). In those instances where the Funds are not the sole shareholder of the applicable portfolio company, a Board Representative may have duties to persons other than the Funds and such portfolio company. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Board Representative, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such

liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Funds investment activities.

40. *Liability of Limited Partners.* The Main Funds and the Blocker Funds have been organized as Delaware limited partnerships. Generally, a Limited Partner should not be personally liable for the debts of the Funds except that, in the event the Funds are otherwise unable to meet its obligations, the Limited Partners may, under applicable law, be obligated to repay amounts previously received by them to the extent such amounts are deemed to have been wrongfully distributed to them, subject to certain limitations set forth in the Partnership Agreements. In addition, any Limited Partner's Commitment is susceptible to risk of loss as a result of any liability of the Funds irrespective of whether such liability is attributable to an investment to which such Partner did not contribute any capital.

41. *Limitation of Recourse and Indemnification.* The Partnership Agreements limit the circumstances under which the General Partner and its affiliates will be held liable to the Funds. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Partnership Agreements provide that the Funds will indemnify the General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially impact the returns to Limited Partners.

42. *Litigation.* The transactional nature of the business of the Funds exposes the Funds, the General Partner and their respective affiliates generally to the risk of third-party litigation. In the ordinary course of its business, the Funds may be subject to litigation from time to time. Additional regulation could also increase the risks of third-party litigation. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and the Principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

43. *Advisory Board.* The General Partner will appoint one or more Limited Partner representatives to the Advisory Boards. The Partnership Agreements provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to the Funds or any other Partner. In addition, representatives of the Advisory Board may have various business and other relationships with Gemspring and its partners, officers, directors, employees and affiliates. These relationships may influence their decisions as members of the Advisory Board.

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

45. *General Economic and Market Conditions.* The private equity industry generally and the success of the Funds investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and

socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partner. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. 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. 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 Fund's portfolio companies. The Funds performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007 or the downgrading of the credit rating of the U.S. in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Funds are not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Funds to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds ability to raise funding to support its investment objective.

46. Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Funds to obtain favorable financing for investments, the Funds ability to generate attractive investment returns may be adversely affected to the extent the Funds are unable to obtain favorable financing terms for its investments. Moreover, to the extent that such deterioration is not temporary and continues, it 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 deterioration also may restrict the ability of the Funds to realize its investments at favorable times or for favorable prices.

47. Adequacy and Availability of Insurance. While the Funds may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from certain adverse events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation. The Funds may not be able to obtain insurance against certain losses of a catastrophic nature, such as those caused by wars, earthquakes, terrorist attacks or other similar events, as such events may be either uninsurable or insurable at such high rates as to materially and adversely impact the Funds profitability.

48. Limited Access to Information. Limited partners' rights to information regarding a Fund, the relevant General Partner or Gemspring generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Gemspring's control. Decisions by Gemspring or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor Gemspring and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Fund's advisory board generally may, by virtue of such

participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Gemspring reserves the right to withhold certain information from investors subject to such laws for reasons relating to Gemspring's public reputation, business strategy or other reasons.

49. *Material Non-Public Information.* As a result of the operations of Gemspring and its affiliates, as well as in connection with officerships or directorships of Gemspring personnel, Gemspring comes into possession of confidential or material, non-public information. Therefore, Gemspring and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Funds. Consequently, the Funds 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 Gemspring's internal policies. Due to these restrictions, the Funds may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

50. *Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by (i) Gemspring employees, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Funds and/or the General Partner and cause significant losses to the 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 the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. Gemspring has controls and procedures through which it seeks to minimize the risk of such misconduct occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

51. *Certain Consultants.* The General Partner expects, from time to time, to retain, on behalf of the Funds and/or the portfolio companies, as applicable, use or employ certain operating partners, advisors and other consultants ("Special Consultants"), which may be affiliates of the General Partner, third party consultants (including individual Executive Advisors Group members, consultants and external executives), "operating partners," "strategic partners," "executive partners" or "senior advisors." The Special Consultants may be engaged to provide services to, or in connection with, the Fund in relation to its activities, or to one or more portfolio companies or perspective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies ("Services").

Pursuant to the Partnership Agreements, the Special Consultants will receive compensation, fees and certain expenses associated with the Services (collectively, "Consulting Fees and Expenses"), paid and/or reimbursed by the applicable portfolio companies, prospective portfolio companies and/or, directly or indirectly, by the Funds. Consulting Fees and Expenses are not included as "Transaction Fees" and do not offset the Management Fee payable by the Fund. Consulting Fees and Expenses are expected to include, without limitation, retainer and/or consulting fees (including in the form of cash, profits or equity interests in a portfolio company or the Fund, a share of proceeds upon sale of a portfolio company or other non-cash compensation) an allowance or reimbursement for health insurance, personnel costs and other benefits and other indicia of employment and/or other incentive-based compensation to the Special Consultant, which may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultant, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other

providers for comparable services and/or a percentage of cash flows from such portfolio company. Additionally, portfolio companies may provide opportunities for Special Consultants to invest in one or more portfolio company and reimburse costs and expenses incurred by Special Consultants. Special Consultants also may receive remuneration from the General Partner and/or the Fund or affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies. Such investment opportunities, reimbursements and other compensation paid to a Special Consultant will not offset the Management Fee. Special Consultants may have a limited partnership or profit interest in the Funds, the General Partner, one or more other investment funds sponsored by Gemspring (including other investment funds that may be formed in the future). Although the General Partner intends to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. In addition, the General Partner intends to retain only such Special Consultants which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, portfolio companies of the Funds, from time to time, pay Special Consultants to perform Services that, directly or indirectly, benefit Gemspring and its affiliates. Consequently, Gemspring and its affiliates potentially receive the benefit of certain Services without being charged or at rates that are lower than the rates borne by the Funds or its portfolio companies. Conversely, portfolio companies of the Funds may benefit from Services that are paid for by Gemspring and its affiliates. There can be no assurance that the Funds or their portfolio companies will receive benefits paid for by Gemspring and its affiliates that are commensurate to the benefits received by Gemspring and its affiliates.

52. Unfunded Pension Liabilities of Portfolio Companies. Recent court decisions have found that, where an investment fund owns 80% or more (or, under certain circumstances, less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Fund intends to manage its investments to minimize any such exposure, the Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund may own an 80% or greater interest in such a portfolio company. If the Funds (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Funds invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under ERISA, as in effect as of the date of this Memorandum, which may change in the future as the case law and guidance develops.

53. Monitoring Fee Acceleration. Agreements made with portfolio companies may require the acceleration of future monitoring fees and other fees payable by a portfolio company at the sale or public offering of such portfolio company and an agreed upon value of such fees may be paid to the General Partner at such time. Although such prepaid or accelerated fees generally will be based on the anticipated level and duration of services that the General Partner believes at the time of such prepayment or acceleration are likely to be provided to the portfolio company, over time, they may be greater or less than the amount that is ultimately incurred with respect to services ultimately provided to such portfolio company.

54. Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. 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 ultimately may be sold. The exercise of discretion in valuation

by the General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

55. *Co-Investments.* The General Partner may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons (including the Executive Advisors Group members), in each case on terms to be determined by the General Partner in its sole discretion. Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the Funds or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, including with respect to allocating a particular investment to and among potential co-investors and determining the terms thereof, the General Partner may consider some or all of a wide range of factors (some or all of which may benefit the General Partner or its affiliates), including, but not limited to: (i) expressed interest in co-investment opportunities; (ii) expertise of the prospective co-investor in the industry to which the investment opportunity relates; (iii) perceived ability to quickly execute on transactions; (iv) tax, regulatory, securities laws and/or other considerations (e.g., qualified purchaser or qualified institutional buyer status); (v) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; (vi) the General Partner's or Gemspring's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the ability of either the General Partner or Gemspring to execute the relevant transaction in the desired time or on desired terms; (vii) size of the investment allocation and practicality of dividing it up among multiple co-investors; (viii) lender requirements; and (ix) whether the General Partner or Gemspring believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds, the General Partner or Gemspring. Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner in consultation with other participants in the relevant transactions, such as a co-sponsor. Additionally, from time to time, certain service providers (e.g., lenders) seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to the Fund or a portfolio company in connection with the services provided. Co-investment opportunities may, and typically will, be offered to some and not to other Limited Partners and the consideration of the factors set forth above may result in certain Limited Partners receiving multiple opportunities to co-invest while others expressing interest in co-investments may receive none. The General Partner's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors to the Fund, any Other Gemspring Funds or any other co-investment vehicle, and such allocations may be more or less advantageous to some persons or entities than to others.

The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-venturer or partner. There can be no assurance that the Funds return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the General Partner or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Limited Partners. When and to the extent that employees and related persons of the General Partner make capital investments in or alongside the Funds, the General Partner is subject to conflicting

interests in connection with these investments. The General Partner's allocation of co-investment opportunities among the persons 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.

56. Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Funds and/or the General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. The Funds and/or the General Partner may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, its investors. In such a situation, Limited Partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Partnership Agreements. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each Limited Partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

57. Cybersecurity Risks and Identity Theft. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. The Funds and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. Although the General Partner intends to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner, the Funds and/or a portfolio company may incur significant time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Fund's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner's, the Funds and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise adversely affect their business and financial performance. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the General Partner or one of its affiliates or service providers holding its financial or investor data, the General Partner, its affiliates or the Fund may also be at risk of loss.

58. Agreements with Certain Investors. The Funds and/or the General Partner may enter into a side letter or other similar agreement with a particular Limited Partner in connection with its admission to the Funds without the approval of any other Limited Partner, which would have the effect of establishing rights under, altering or supplementing the terms of, or confirming the interpretation of an applicable Fund document (including the Partnership Agreement and any related subscription agreement) with respect to such Limited Partner in a manner more favorable to such Limited Partner (including economically) than those applicable

to other Limited Partners, and such rights may be significant. Such rights, terms or confirmations in any such side letter or other similar agreement may include, without limitation, (i) excuse, exclusion or withdrawal rights applicable to particular investments or Limited Partners (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, certain investments); (ii) reporting obligations of the General Partner; (iii) waiver of certain confidentiality obligations; (iv) consent of the General Partner to certain transfers by such Limited Partner; or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Limited Partner. Side letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by the Partnership Agreements, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

59. Disclosure of Confidential Fund and Investor Information. The Limited Partners are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding the Funds, its investments and its investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. The Funds may incur expenses in connection with responding to any such disclosure requests, even if the Funds ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the Limited Partners have pursuant to the Partnership Agreements to maintain the confidentiality of the Funds information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. The General Partner may also in certain circumstances, in an effort to protect any such potential disclosure, withhold all or any part of the information otherwise to be provided to such a Limited Partner, as more fully described in the Partnership Agreements. There can be no assurance that such information will not be disclosed by the Funds, the General Partner, Gemspring, their respective affiliates and personnel, portfolio companies or services providers to any of them including, without limitation, to comply with laws, regulations or policies to which they are or may become subject. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the U.S. Securities and Exchange Commission (the “SEC”) has the authority to require private equity fund advisers, such as Gemspring, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of the Funds information could have an adverse effect on the Funds and their investors, for example, by affecting the Funds competitive advantage in finding attractive investment opportunities.

60. Outbreaks of Infectious or Contagious Diseases. As of March 2020, there is an outbreak of a novel and highly contagious form of coronavirus (“COVID-19”), which the World Health Organization has declared to constitute a “pandemic.” The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

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

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

Conflicts of Interest

Investors should be aware that various actual and potential conflicts will arise from the overall investment activities of the Funds, the General Partner and their respective affiliates. The following discussion identifies certain potential conflicts of interest that should be carefully considered; however, the following is not necessarily a complete list of all such actual or potential conflicts of interest that will likely arise. In addition, investors should be aware that the General Partner, Gemspring and their respective personnel could in the future engage in further activities that will likely result in additional conflicts of interest not addressed below. There can be no assurance that the General Partner or Gemspring will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds.

The Principals currently, and will in certain cases, manage several investment funds and investments similar to those in which the Funds invest and reserve the right to direct certain relevant investment opportunities to those investment funds and investments. Over time, certain investment opportunities suitable for the Funds are likely also to be suitable for other investment funds sponsored by the General Partner or its affiliates. In determining which investment funds should participate in such investment opportunities, subject to the Partnership Agreement, the General Partner, the Principals and their affiliates are subject to potential conflicts of interest among the investors in the Funds and investors in the other investment funds sponsored by the General Partner and the Principals. To determine whether the Funds or other investment funds sponsored by the General Partner or its affiliates will participate in the relevant investment opportunity, the General Partner generally assesses whether an investment opportunity is appropriate for each relevant fund based on the terms of such fund's limited partnership agreement, as well as factors including, but not limited to: each fund's investment restrictions and objectives (including those set forth in the relevant fund's partnership agreements, where applicable), strategy, capital structure, time horizon, investment size, applicable regulatory restrictions, life cycle and structure. The Funds reserve the right to invest together with other funds advised by an affiliated adviser of the General Partner in the manner set forth in the relevant partnership agreements. The General Partner will determine the allocation of investment opportunities among funds in a manner that it believes is fair and equitable consistent with the General Partner's obligations and take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which the Funds will invest exceeds an amount appropriate for each Fund, such excess can also be offered to one or more potential investors.

The General Partner's allocation of investment opportunities among the Funds and any of the other investment funds sponsored by the General Partner or an affiliate thereof may not always, and often will not, be proportional. Therefore, such allocations will be more advantageous to the Funds relative to one or all of the other investment funds, or vice versa. While the General Partner will allocate investment opportunities in a way that it believes in good faith is fair and equitable to the Funds, there can be no assurance that the Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which the General Partner is subject did not exist.

Additionally, conflicts of interest can arise if the Funds makes an investment in conjunction with an investment being made by another investment fund sponsored by the General Partner or its affiliates, or if the Fund were to invest in the securities of a company in which another investment fund sponsored by the General Partner or its affiliates has already made an investment. For instance, the Funds will not necessarily invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such other investment fund. This likely will result in differences in price, investment terms, leverage and associated costs. Further, there can be no assurance that the Funds and the other investing fund(s) with which it co-invests will exit such investment at the same time or on the same terms, and there can be no assurance that the Funds return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Funds.

Gemspring will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and any such excess will likely be offered to one or more potential co-investors, as determined by the Funds' Partnership Agreements, Side Letters and Gemspring's procedures regarding allocation. Gemspring's procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that can arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; the Firm's perception of whether the investment opportunity will likely subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Firm's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; and whether the Firm believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Firm.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities are expected to be made by Gemspring or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Fund investors. When and to the extent that employees and related persons of Gemspring and its affiliates make capital investments in or alongside certain Funds, Gemspring and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another participant in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Gemspring's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations are expected to be more or less advantageous to some such persons relative to others. While Gemspring will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's

actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Gemspring may be subject, discussed herein, did not exist.

The General Partner will likely be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Funds. The General Partner, in its sole discretion, will allocate fees and expenses in accordance with the Partnership Agreements and in a manner that it believes in good faith is fair and equitable to the Funds under the circumstances and considering such factors as it deems relevant. The allocations of such expenses will not necessarily be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on the number of funds or co-investors receiving related benefits or proportionately in accordance with asset size.

The Funds make controlling investments in portfolio companies. As a result of these significant investments, the Funds have the right to appoint portfolio company board members (including current or former General Partner personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to the General Partner in connection with services provided by the General Partner and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Partnership Agreements offset provision, are in addition to the Management Fee or carried interest discussed herein. The General Partner's authority to appoint or influence the appointment of portfolio company board members who could be involved in approving compensation payable to the General Partner subjects the General Partner and any such portfolio company board appointees to potential conflicts of interest.

Additionally, a portfolio company typically will reimburse the General Partner or service providers retained at the General Partner's discretion for expenses (including, without limitation, travel expenses) incurred by the General Partner or such service providers in connection with the performance of services for such portfolio company. This subjects the General Partner to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreements and its internal reimbursement policies and practices, the General Partner determines the amount of these reimbursements for such services in its own discretion.

The General Partner from time to time expect to, employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds or other funds or investment vehicles advised by the General Partner or an affiliate; conversely, former personnel or executives of the General Partner are likely to serve in significant management roles at portfolio companies or service providers recommended by the General Partner. Similarly, the General Partner and/or its personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the General Partner, and/or the Fund, other funds or other investment vehicles the General Partner or an affiliate advises. The General Partner will likely have a conflict of interest with the Fund in recommending the retention or continuation of a third-party service provider to the Fund or a portfolio company owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds the General Partner or an affiliate advises, will provide the General Partner information about markets and industries in which the General Partner operates (or is contemplating operations) or will provide other services that are beneficial to the General Partner. The General Partner

will likely have a conflict of interest in making such recommendations, in that the General Partner has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds and other funds and investment vehicles that the General Partner or an affiliate advises, while the products or services recommended will not necessarily be the best available to the portfolio companies held by the Funds. For example, Gemspring reserves the right to cause a Fund to make payments to deal finders or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment.

Over the life of the Funds, the General Partner generally expects to exercise its discretion to recommend to the Funds or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others: (i) the General Partner (or an affiliate, which can include other portfolio companies of the Funds or other investment funds sponsored by the General Partner or an affiliate) and at rates determined or substantively influenced by the General Partner; (ii) an entity with which the General Partner or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) a Limited Partner (or a limited partner of another fund) or its affiliates. This subjects the General Partner to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, the General Partner will have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that the General Partner, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the General Partner, the Fund or other investment funds sponsored by the General Partner or its affiliates), will likely favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Gemspring will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Gemspring generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other other factors in retaining or recommending service providers. In certain circumstances where Gemspring commits or has committed to seek “market” or “arms-length” rates or terms, Gemspring will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, Gemspring undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates specifically to the assets or services to which such rates or terms relate. Whether or not the General Partner has a relationship with 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.

The fact that the General Partner’s carried interest is based on a percentage of net profits will likely create an incentive for the General Partner to cause the Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. In addition, because the Funds have a fixed investment period after which capital from Limited Partners generally will only be drawn down in limited circumstances, and because the Management Fee is, at certain times during the life of the Funds, calculated based upon the invested capital of the Funds, the Management Fee structure will likely create an incentive for the General Partner to deploy capital when it might not otherwise have done so.

As a general matter, Fund expenses typically will be allocated among the Funds and all other relevant investment vehicles (including co-investment vehicles) eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the General Partner or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses will not necessarily be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of funds or other investment vehicles receiving

related benefits or proportionately in accordance with asset size or in certain circumstances determining whether a particular expense has greater benefit to the Funds or the General Partner. The Funds and such other investment vehicles could have different expense reimbursement terms, including with respect to Management Fee offsets, which are likely to result in the Funds and the other investment vehicles bearing different levels of expenses with respect to the same investment.

In certain cases, the General Partner will have the opportunity (but, subject to any applicable restrictions or procedures in the Partnership Agreements, no obligation) to identify one or more secondary transferees of interests in the Funds. In such cases, the General Partner will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors, and unless required by the Partnership Agreements, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple investment vehicles advised by the General Partner and its affiliates invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring can raise conflicts of interest, particularly with respect to investment vehicles that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, investment vehicles may or may not provide such additional capital, and if provided, each investment vehicle generally will supply such additional capital in such amounts, if any, as determined in the sole discretion of the General Partner and/or its affiliates, as applicable. Because of the different legal rights associated with debt and equity of the same portfolio company, the General Partner and its affiliates are likely to face conflicts of interest in respect of the advice they give to, and the actions they take on behalf of, one investment vehicle versus another investment vehicle (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If an investment vehicle enters into any indebtedness with another investment vehicle on a joint and several basis, the General Partner and/or its affiliates, as applicable, are expected to enter into one or more agreements that provide each investment vehicle with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the General Partner and its affiliates are likely to be subject to conflicts of interest, for example between an investment vehicle with a reimbursement obligation and an investment vehicle seeking reimbursement. In certain circumstances, investment vehicles can be prohibited from exercising (or the General Partner and its affiliates may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one investment vehicle or the other could be subject to creditor claims regarding subordination of interests. The General Partner and its affiliates intend to mitigate any potential conflicts by structuring such agreements in a manner intended to cause each investment vehicle to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Although uncommon, from time to time, the General Partner is permitted to cause the Funds to enter into a transaction whereby the Funds purchase securities from, or sells securities to, co-investors, co-investment vehicles or other investment vehicles advised by the General Partner and its affiliates. Such transactions will likely arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one investment vehicle is acquired by a portfolio company acquired by another investment vehicle. Any such transactions raise potential conflicts of interest, including where the investment of one investment vehicle supports the value of portfolio companies owned by another investment vehicle. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. The

General Partner and its affiliates intend that any such transaction be conducted in a manner that they believe in good faith to be fair and equitable to each investment vehicle under the circumstances, including a consideration of the potential present and future benefits with respect to each investment vehicle.

Although the General Partner and its affiliates generally structure the Fund and other investment vehicles to avoid cross-guarantees and other circumstances in which one investment vehicle bears liability for all or part of the obligations of another investment vehicle, in certain circumstances, lenders and other market parties negotiate for the right to face only select entities, which could result in the Fund being solely liable for other investment vehicles' share of the relevant obligation and/or joint and several liability among the Fund and other investment vehicles. In each such case, the General Partner and its affiliates intend to cause the relevant other investment vehicles to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although in cases where the Funds undertake the obligation in the first instance, the Funds generally will not receive compensation for being primarily liable under these arrangements.

Since the General Partner and its affiliates are permitted to retain certain Transaction Fees in connection with Fund investments, the General Partner could have a conflict of interest in connection with approving transactions and setting such compensation. Additionally, the General Partner, its personnel, affiliates or others designated by the General Partner and its affiliates expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions are applied (typically based on the then-present value of such securities), the General Partner and/or such other recipients will be permitted to retain such securities as Transaction Fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or the General Partner) or retain such securities for a period consistent with their own financial and investment objectives, which will likely differ from those of the Funds.

The General Partner has instituted a program under which portfolio companies owned by the Funds are given the option to participate in purchasing, vendor or similar arrangements with the General Partner, its affiliates and other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. Participants voluntarily participate in the program, and the General Partner allocates fees and third-party administration costs for the program to the portfolio companies. No such amounts will result in additional offsets to the Management Fee. The General Partner believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the Funds that will result if the negotiated discounts rates for goods and services are discounted relative to those widely available in the market).

Gemspring, its affiliates, and equity holders, officers, principals and employees of Gemspring and its affiliates are permitted to buy or sell securities or other instruments that Gemspring has recommended to a Fund. Such transactions are subject to the policies and procedures set forth in Gemspring's Code of Ethics. Employees and related persons of Gemspring have, and are expected to continue to have, capital investments in or alongside the Funds, or in prospective Portfolio Companies directly or indirectly, and therefore will likely have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Fund and/or its Portfolio Companies or, if incurred by the Firm, are reimbursed by a Fund and/or its Portfolio Companies, the Firm will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its Portfolio Companies to incur) such expenses. In addition, as described above, Portfolio Companies (and, to a lesser extent, the Funds) typically pay certain fees to Executive Advisors and other consultants (including consultants introduced or arranged by the General Partners and/or their affiliates that regularly provide services to one or more Portfolio Companies), and such fees do not offset the Management Fee as described herein. Executive Advisors generally make use of the Firm's resources or otherwise are associated with the Firm, including meeting management

teams, working on sourcing and diligence, and as investors of the Funds. Executive Advisors also are permitted to have an investor interest in a General Partner, receive remuneration from Gemspring as compensation or as reimbursement for work related to Portfolio Companies, and be entitled to other forms of compensation. Executive Advisors Group members generally receive compensation, including, but not limited to consulting fees, transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds or the General Partners, stock awards, incentive-based compensation or other compensation, which typically will be determined by the General Partners. Such compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the relevant Executive Advisors Group member, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Executive Advisors Group members who hold a board seat at a portfolio company also would be expected to receive compensation for their board service. Any such compensation received by an Executive Advisors Group member is expected to be paid and/or reimbursed by a portfolio company or prospective portfolio company or directly by a Fund, and no such amounts will result in offsets to the Management Fee of any Fund as described herein. Certain Executive Advisors are expected to invest in the Funds on a no Management Fee, no carried interest basis. Additionally, Portfolio Companies are likely to provide opportunities for Executive Advisors to work full time, provide opportunities to invest in such Portfolio Company, and reimburse costs and expenses incurred by Executive Advisors. Such investment opportunities, reimbursements and other compensation paid to an Executive Advisor will not result in offsets to the Management Fee of any Fund as described herein.

Although the use of Executive Advisors and the allocation of compensation paid to them by Portfolio Companies and/or Gemspring and its affiliates subjects Gemspring and/or its affiliates to potential conflicts of interest, Gemspring believes that such potential conflicts can be reduced by the anticipated cost savings to Portfolio Companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Executive Advisor is lower than market rates for the services provided and/or if the services of the Executive Advisor align with the Firm's model for the Portfolio Company and improve Portfolio Company performance. Although the Firm seeks to retain Executive Advisors with a view to reducing costs to Portfolio Companies (and, ultimately, the Funds) and/or improving Portfolio Company performance, a number of factors are likely to result in limited or no cost savings from such retention.

The General Partners and/or their affiliates have in the past, and may in the future, enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights. Any of these situations subject the General Partners and/or their affiliates to potential conflicts of interest. The Firm attempts to resolve such conflicts of interest in light of its obligations to the Funds and the obligations owed by the Firm to investors in investment vehicles managed by the Firm. To the extent that an investment or relationship raises particular conflicts of interest, the Firm will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Firm consults and receives consent to conflicts from an advisory board consisting of investors of the relevant Fund(s) and such other investment vehicles.

From time to time Gemspring, its affiliates and personnel and persons selected by them are expected to receive the benefit of "friends and family" and similar discounts from Portfolio Companies owned by the Funds under which such Portfolio Companies make their goods and/or services available at reduced rates. Because many of these Portfolio Companies offer such discounts to customers other than Gemspring and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, Gemspring believes that the potential for conflicts of interest relating to such discounts is mitigated. Gemspring, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course.

Item 9: Disciplinary Information

Gemspring and its supervised persons have no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A.

Neither Gemspring nor any of its management persons are registered or have an application pending to register as a broker-dealer.

Item 10.B.

Neither Gemspring nor any of its management persons are registered or have an application pending to register with the National Futures Association.

Item 10.C.

Certain of Gemspring's affiliates serve as general partner, manager, managing member or investment manager with respect to one or more of the Funds or co-investment vehicles. While Gemspring and these affiliates have been organized as separate legal entities, they collectively conduct a single investment advisory business. Accordingly, each of these affiliates relies and/or will rely on Gemspring's investment adviser registration instead of separately registering as an investment adviser with the SEC under the Advisers Act in accordance with SEC guidance. These relying entities will be subject to Gemspring's compliance policies and procedures and, except as the context otherwise requires, any reference in this Brochure to Gemspring includes Gemspring and the entities relying on Gemspring's registration.

Item 10.D.

Gemspring does not recommend or select other investment advisers for the Funds.

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

Item 11.A.

Employees of Gemspring may only purchase and sell securities in accordance with the Firm's Code of Ethics to which all employees are subject. This policy is monitored by the Chief Compliance Officer.

Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following points:

- A statement of the standard of business conduct,
- Limits on gifts and entertainment,
- Policy regarding employees purchasing or selling, directly or indirectly, existing or contemplated securities for the Funds' investment portfolio, and any security for which the Employee may have received material non-public information,
- All employees are required to pre-clear the purchase and sale of certain types of securities through the Chief Compliance Officer for personal accounts,
- A policy limiting, and requiring reporting of, political contributions,
- A policy regarding the use of social media,
- Additionally, employees are subject to strict reporting requirements regarding personal holdings,

- Employees must acknowledge in writing having received and read a copy of the Code of Ethics and
- Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of the Firm's Code of Ethics is available to investors and prospective investors upon request.

Item 11.B through Item 11.D.

Gemspring, as a fiduciary, endeavors to always make decisions in the best interest of the advisory clients if a conflict of interest arises. Gemspring, its affiliates, and equity holders, officers, principals and employees of Gemspring and its affiliates may buy or sell securities or other instruments that Gemspring has recommended to a Fund. Such transactions are subject to the policies and procedures set forth in Gemspring's Code of Ethics. Gemspring personnel will be required to pre-clear outside business activities with the Chief Compliance Officer. All personnel are required to complete an annual attestation of outside business activities to the Chief Compliance Officer.

Principals and employees of Gemspring and its affiliates generally are expected to directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles or co-investments in Portfolio Companies. To the extent that co-invest vehicles exist, such vehicles are expected to invest in one or more of the same Portfolio Companies as a Fund. Co-invest opportunities generally are also expected to be presented to certain affiliates of Gemspring, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles, directly in a particular Portfolio Company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss."

Gemspring and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. See "Conflicts of Interest" above for more information.

Item 12: Brokerage Practices

Each Fund's investment objective is to generally hold securities in privately held companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Firm reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. In the event Gemspring decides to purchase or sell publicly traded securities, a broker-dealer will be retained.

In private company securities transactions on behalf of the Funds, the Firm may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its Portfolio Companies. In determining to retain such parties, the Firm may consider a variety of factors, including, but not limited to: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Firm generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

The Firm has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of

eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Firm generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Firm seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Firm generally does not make use of such services at the current time and has not made use of such services since its inception.

Item 13: Review of Accounts

Item 13.A. and 13.B.

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, in conjunction with the management and outside directors of each Portfolio Company, Gemspring conducts a systematic review of a company's market, competition and approach throughout the course of its ownership and believes in regularly challenging and testing the assumptions driving the strategy of the business. The Gemspring Investment Team (the "**Investment Team**") is comprised of nineteen investment professionals led by Bret Wiener.

Item 13.C.

Investors in the Funds will typically receive (i) audited financial statements annually commencing with the first year in which it makes an investment, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each investor's U.S. tax returns, and (iv) descriptive investment information for each Portfolio Company annually.

Item 14: Client Referrals and Other Compensation

Item 14.A.

Gemspring and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Partnership Agreements, this compensation may, in many cases, offset a portion of the Management Fees paid by such Fund. However, in other cases (e.g., reimbursements for out of pocket expenses directly related to a Portfolio Company), these fees may be in addition to Management Fees. See "Fees and Compensation" for more information.

Item 14.B.

The Firm may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by the Firm, either indirectly through an offset against the Management Fee or otherwise, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

Acalyx Advisors, Inc. ("Acalyx") has been engaged by the General Partners as a placement agent with respect to the private placement of interests in certain of the Funds. For these services, any fees payable to Acalyx are borne by the Firm directly or indirectly through an offset against the Management Fee, although

related out-of-pocket expenses incurred pursuant to the agreement with Acalyx are borne by the relevant Fund(s).

Item 15: Custody

The assets of the Funds will be held at an unaffiliated qualified custodian, to the extent required by the rules adopted under the Advisers Act. Gemspring will provide a Fund investor with such Funds' annual audited financial statements prepared by an independent public accountant and investors in the Funds receive the reports from Gemspring described in Item 13 of this Brochure.

Item 16: Investment Discretion

The General Partner of a Fund has full discretion to manage such Fund. This authority is granted pursuant to such Fund's Partnership Agreement. Individual investors become parties to such Partnership Agreement by signing a subscription agreement that is accepted by the applicable General Partner. As a general policy, Gemspring does not allow clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreements, however, the General Partner and/or its affiliates have in the past, and may in the future, enter into Side Letters with certain investors whereby the terms applicable to such investor's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

Item 17: Voting Client Securities

Gemspring has adopted the proxy voting policies and procedures set forth in its Compliance Manual. Under the firm's proxy voting policy, Gemspring will generally vote proxies in accordance with the recommendation of the issuing company's management on routine and administrative matters unless Gemspring has a particular reason to vote to the contrary. Non-routine matters will be voted on a case-by-case basis in a manner that serves the clients' best interest. Under certain circumstances, we may abstain from voting specific proxies if we believe that doing so is in the best interests of our clients. Furthermore, under our proxy voting policy, we may not vote proxies issued by companies if our clients no longer have any economic exposure to the issuer.

In the event that there is or may be a conflict of interest in voting proxies, the proxy policy provides that Gemspring may address the conflict using several alternatives or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve Gemspring's vote in a particular solicitation. Gemspring does not consider service on Portfolio Company boards by Gemspring personnel or Gemspring's receipt of management or other fees from Portfolio Companies to create a material conflict of interest in voting proxies with respect to such companies. If you would like a copy of Gemspring's complete Proxy Policy or information regarding how Gemspring voted proxies for particular Portfolio Companies, please contact Malcolm Applebaum, the Firm Chief Compliance Officer, at (203) 842-8941, and it will be provided to you at no charge.

Item 18: Financial Information

Item 18A.

Gemspring does not require prepayment of Management Fees more than six months in advance.

Item 18B.

Currently, Gemspring and its affiliates are not aware of any financial condition that is likely to impair Gemspring's ability to meet its contractual obligations and commitments to clients.

Item 18C.

Gemspring was not the subject of a bankruptcy petition at any time during the past ten years.