

Artius Management LLC

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Artius Management LLC. If you have any questions about the contents of this brochure, please contact us at (917) 913-2051. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Artius Management LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

Item 2 - Material Changes

There have been no material changes to this Brochure since the date of its last annual amendment on March 22, 2019.

Pursuant to SEC rules, the Adviser ensures that its clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of its business fiscal year. The Adviser may further provide other ongoing disclosure information about material changes as necessary.

Currently, the Brochure may be requested by contacting Mr. Boon Sim, the Adviser's Chief Compliance Officer at (917) 913-2051.

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Item 4 - Advisory Business

- A. The Adviser is an investment advisory firm located in New York, New York and that specializes in advising on and facilitating the making of private equity-style investments in private and public companies primarily in North America and Europe. The Adviser deploys a flexible investment strategy that focuses on event driven and market dislocation opportunities, and “Build versus Buy” strategies, while leveraging technology to improve investment and operating performance.

The Adviser was formed in 2017. H. Boon Sim is the principal indirect owner of the Adviser.

- B. The Adviser provides investment advisory services to pooled investment vehicles operating as private funds for sophisticated, qualified investors, including: high net worth individuals, retirement plans, trusts, partnerships, corporations, or other businesses (each, the “Fund” or “Client,” or “Funds” or “Clients,” collectively). The governing documents of the Fund may also provide for the establishment of parallel or other alternative investment vehicles in certain circumstances. Fund investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser.

Investment advisory services provided by the Adviser to each of its Clients focus on private equity-style investing seeking significant minority interests, corporate carve-outs and buy-outs focused on healthcare, technology, fintech, and industrial and business services. Each Client’s portfolio is managed pursuant to an investment management agreement with the Client, an operating agreement, any investment guidelines attached thereto, the Client’s investment policy, and/or other governing documentation that may be entered into from time to time, and any applicable regulations.

- C. While each of its Clients generally follows the strategy stated above, the Adviser may tailor the specific advisory services with respect to each Client based on the particular investment objectives and strategies described in the applicable Client’s (i) confidential offering memorandum, if any, and (ii) governing documents, including Fund’s operating agreement (referred to collectively as “Offering Documents”).

All discussion of the Clients in this Brochure, including but not limited to their investments, the strategies used in managing the Clients, and conflicts of interest faced by the Adviser in connection with the management of the Clients are qualified in their entirety by reference to each Client’s respective Offering Documents.

- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31st, 2019, the Adviser manages \$835,000,000 in discretionary and \$0 in non-discretionary portfolios.

Item 5 - Fees and Compensation

- A. Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. The Adviser may enter into different fee arrangements on a client-by-client basis. It is critical that all Clients, and investors in all Clients, refer to the applicable Client's governing documents for a complete understanding of how the Adviser and its affiliates are compensated for advisory services. The information contained herein is a summary only and is qualified in its entirety by each applicable Client's Offering Documents.

Management Fees. The Adviser receives the management fees (the "Management Fees") to be between 1.5%-2% of committed capital depending on the stage in the life cycle of the Fund. The Management Fee is payable by a Fund to the Adviser or its designee quarterly in advance. The Management Fee begins to accrue as of the date of the initial closing based on total commitments, regardless of when an investor is actually admitted. The Management Fee is pro-rated for any partial years of the Fund.

Carried Interest. Additionally, the general partner of the Fund, or other affiliate of the Adviser, (the "General Partner") may be eligible to receive an incentive or performance allocation from the Fund based on a percentage of investment proceeds on distributions (the "Carried Interest"). Distributions are split between Fund investors and the General Partner as set forth in the Fund's governing documents. The Adviser expects the Carried Interest to be between 15% and 20% of net profits of the Fund.

Lower fees for comparable services may be available from other sources.

- B. Management Fees are payable by the Fund to the Adviser and Carried Interest is distributed by the Fund to the General Partner, in each case on the terms provided for in the Fund's Offering Documents. The General Partner may draw-down capital commitments from the investors in the Fund, or may use amounts that would otherwise be available for distribution to such investors, in order to meet the obligation to pay the Management Fees.
- C. The Fund bears legal and other organizational expenses incurred in the formation of the Fund (including fees and expenses of counsel and other advisors to the Fund and the Adviser, and travel expenses of the Adviser and other direct costs) (the "Organizational Expenses") up to an aggregate amount agreed upon in the Fund's Offering Documents. With respect to Organizational Expenses in excess of the agreed upon amount stated in the Fund's Offering Documents, such expenses are borne by the Adviser or an affiliate, although the Adviser may elect to have such excess expenses advanced by the Fund, in which case there will be a corresponding reduction to Management Fees next payable to the Adviser. Each Fund investor, including investors admitted at subsequent closings, bears their pro rata portion of the aggregate Organizational Expenses paid by the Fund.

The Fund bears all expenses incurred in connection with its operations, meetings and liquidation (such expenses, "Fund Expenses") as set forth in its operating agreement, including expenses incurred in connection with pursuing investment opportunities (whether or not consummated) and making, monitoring, and disposing of investments; audit, accounting, legal, brokerage, insurance, indemnification, travel, litigation, and custodian expenses; expenses relating to compliance with regulatory requirements applicable to the Fund; and taxes, fees, and other governmental charges levied against the Fund or its subsidiaries. The Fund pays Fund Expenses on a pro rata basis with any parallel investment entity based on the aggregate capital commitments of the Fund relative to the aggregate capital commitments of such parallel investment entity. Fund Expenses may be

capped at a certain amount and any expenses in excess of that amount will be paid by the Adviser. Fund expenses include, but are not limited to: (i) (A) fees, costs and other expenses directly related to the discovery, investigation, negotiation, structuring, making, holding, developing, operating, managing, monitoring and disposing of investments, including fees, costs and expenses associated with the organization, operation, administration, restructuring or winding-up, dissolution, liquidation and winding-up of any special purpose vehicles and including potential investments that are not consummated (including those relating to unconsummated investments that may have been attributable to third-party co-investors if such investments had been consummated); (B) investment banking fees, bank charges, placement, syndication and solicitation fees, arranger fees, sales commissions, and other investment, execution, closing and administrative fees, costs and expenses; (C) expenses of any administrator and valuation expert (including in relation to calling capital from and making distributions to the Fund investors, the administration of assets, financial planning and treasury activities); (D) fees and expenses of custodians, advisors, consultants, economists, sourcing persons, brokers, outside counsel, accountants, auditors tax professionals and other professionals; (E) due diligence, research and other Fund or investment-related travel expenses (including costs and expenses of accommodations, meals and aircraft travel (and with respect to travel on non-commercial aircraft, costs of travel at a comparable business class commercial airline rate)); (F) fees, costs and expenses related to accounting services and the creation of financial reports and responses to reporting requests from the Fund investors, including the costs incurred to audit and provide access (whether through the Fund's website or other portal) to such reports and any other operational, secretarial or postage expenses relating thereto or arising in connection with the distribution of such reports; provided that any such costs and expenses related to requests made from Fund investors representing less than a majority in interest will be allocated to such specific Fund investors; (G) expenses relating to the representation of the Fund or its partners with respect to tax compliance or controversy matters (including fees, costs and other expenses incurred by the tax matters partner and Fund representative acting in such capacity); (H) any taxes, fees or other governmental charges levied against the Fund or its subsidiaries; (I) fees, costs and other expenses relating to compliance with tax or regulatory requirements applicable to the Fund and/or relating to its operation (including relating to the preparation of the Fund's financial statements, tax returns and Schedule K-1s (or equivalent form), and preparation and filings of regulatory filings of the Fund and its affiliates relating to the Fund's activities, including filings with the U.S. Commodity Futures Trading Commission and the U.S. Securities and Exchange Commission); (J) expenses relating to any audit, investigation, examination, regulatory or governmental inquiry or public relations undertaking; (K) the cost of insurance, including general partner liability/directors and officers insurance and crime/fidelity insurance; (L) expenses of winding up liquidating the Fund; (M) expenses relating to meetings of the Fund investors (including venue and travel expenses, and fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors); (N) expenses relating to the meetings and activities of the Fund investors advisory committee (including venue and travel expenses, and fees, costs and expenses associated with any legal counsel or other third-party service providers or advisors); (O) the costs and other expenses of any litigation relating to the activities or operation of the Fund and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Fund (including indemnification paid in accordance with the Fund's operating agreement, any extraordinary expenses or liabilities relating to the affairs of the Fund, and any similar obligations); (P) software and development costs; and (Q) the fees, costs and expenses related to any amendments, restatements or other modifications to, and compliance with (or monitoring compliance with), the Fund's operating agreement, the investment management agreement, side letters or any other related documents of the Fund, including the solicitation of any consent, approval, waiver or similar acknowledgment from the Fund investors and/or their advisory committee or preparation of other materials in connection with compliance (or monitoring

compliance) with such documents; and (ii) all third-party fees, costs and other expenses related to any of the foregoing.

The Fund also bears expenses related to certain services provided by the Adviser or its affiliates to the Fund, so long as (i) the services would typically be provided by third-party service providers, (ii) the General Partner reasonably believes that it is in the Fund's best interest to have the services performed in-house and (iii) the cost of providing the services in-house is no more than the cost of third-party service providers.

The Fund also pays comparable costs, fees and expenses relating to any alternative investment vehicles or entities through which the Fund invests that are not otherwise borne by such entities. The Fund only bears such costs, fees and expenses to the extent the General Partner determines in good faith that they are properly allocable to the Fund. Fund expenses and the repayment of any borrowings incurred by the Fund may be allocated against, and satisfied from, investment proceeds received by the Fund in a manner reasonably determined by the General Partner. Fund investors should review its operating agreement for further information on the expenses that the Fund may bear.

Client accounts may be subject to other third-party fees and/or expenses, which may vary based on the amount of assets managed and the types of investments in the Client's account. These fees may include certain custodial fees and transaction fees.

The Adviser does not maintain any trading accounts and does not use "soft" dollars. Please refer to Item 12, Brokerage Practices, for more information.

- D. The Management Fees described above are payable quarterly in advance. The Management Fees obligation of the Fund and its investors may only be terminated or modified as provided by the Fund's governing documents and the investment management agreement between the Adviser and the Fund. The Management Fees are calculated on an annual basis and are pro-rated for partial periods.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receive any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, the Adviser or its affiliates may receive performance-based fees or allocations from the Funds. These payments, to the extent received, are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. The terms of the performance-based fees may also give the general partners or managers of the Clients an incentive to make decisions regarding the timing and structure of realization transactions that may not be in the best interests of investors.

Although Client governing documents may contain “clawback” provisions requiring the general partner of such Clients to return excess distributions to investors in the event the carried interest recipient receives more than its carried interest percentage of profits on an aggregate basis over the life of the Client, the return of such distributions to the investors would generally be delayed until the end of the Client’s term. To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. Additionally, the Adviser manages each Fund in accordance with the investment strategy disclosed in such Fund’s private placement memorandum to help ensure that investors are aware of the investment strategy and the risks associated with the strategy. The private placement memorandum of each Fund contains further details regarding the carried interests of such Fund, and risks and strategy.

Item 7 - Types of Clients

As described in Item 4, the Adviser provides investment advisory services only to private funds that are exempt from registration under the Investment Company Act of 1940, as amended. Each investor in the Fund must be a “qualified purchaser” for Investment Company Act purposes, and thus, a “qualified client” for Advisers Act purposes. In addition, investors in the Fund may participate in the Fund’s investments through parallel vehicles or alternative investment vehicles in accordance with the governing documentation of the Fund. Such vehicles may also be Clients of the Adviser. The minimum investment in a Fund is \$50,000,000, although the Adviser or its affiliate may accept investments in a lesser amount, at their sole discretion.

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

- A. The Adviser's investment strategy is focused on making private equity-style investments in private and public companies primarily in North America and Europe, with or without a controlling interest being acquired. The Adviser generally seeks to make investments that are expected to require investment amounts between \$50 million to \$150 million and generally does not seek to make investments in the credit, real estate or infrastructure sectors.

The Adviser deploys a flexible investment strategy that focuses on event driven and market dislocation opportunities, and "Build versus Buy" strategies, while leveraging technology to improve investment and operating performance. The Adviser seeks to rely on the investment team's relationships, industry expertise, and extensive deal-sourcing network.

The key features of the Adviser's investment analysis and strategy are as follows. The Adviser pursues private equity-style investing seeking significant minority interests, corporate carve-outs and buy-outs. The Adviser targets a range of investment structures in a manner consistent with each Fund's strategy. The Adviser is focused on event driven (M&A, R&D and corporate activities with EPS and ratings considerations), market dislocation (Dodd-Frank and Basel III) and "build or consolidation" opportunities. The Adviser uses technology to improve investment performance (sourcing, selection and monitoring) and reduce operating costs (infrastructure and cloud); and develop proprietary software and data technology (including artificial intelligence).

The Adviser is geographically focused on the United States and Canada, while seeking to make investments internationally on an opportunistic basis. In terms of sectors, the Adviser pursues opportunities in healthcare, technology (including tech enabled businesses), fintech, and industrial and business services. The Adviser invests in growth and matured public and private companies; no venture capital. The Adviser attempts to leverage on its extensive Fortune 500 relationships to create corporate carve-outs. The Adviser pursues "build" strategies by identifying proven management teams with a goal of creating disruptive and scalable businesses or consolidate fragmented industries.

The Adviser seeks to create attractive exit opportunities, including through the following:

Strategic Buyers. Certain portfolio companies or their assets, either individually or as portfolios, may be sold to operating companies in the same industry sector who may be interested buyers for strategic and/or competitive reasons.

Financial Buyers. Given the existence of numerous medium and large private equity funds, the Adviser believes certain portfolio companies may become attractive targets for such funds. The Adviser's "buy and build" strategy of either consolidating smaller businesses or growing small scalable businesses into larger companies is expected to create targets that are attractive to medium and large private equity funds. It is quite typical for larger private equity funds to buy from smaller private equity funds given their mandate of deploying large pools of capital.

Initial Public Offerings. Certain portfolio companies may be suitable for disposal through an initial public offering. Candidates for initial public offerings may include companies acquired and operated by the Fund, or "buy and build" situations where the Fund brings together proven management teams and packages of assets that are attractive to public markets as specialized investment opportunities.

In addition to the above-described exit opportunities, which are similar to those available to other types of private equity managers, the Adviser may engage in other realization strategies, including but not limited to secondary market or private share sales, staged distributions or dispositions, or liquidations.

Investing in securities involves risk of loss that all Clients and their investors should be prepared to bear.

- B. *Potential investors should be aware that an investment in the Fund involves a high degree of risk. There can be no assurance that the Advisers' investment objectives will be achieved or that an investor will receive a return of its capital. In addition, there will be occasions when the Adviser and its affiliates may encounter potential conflicts of interest in connection with the Funds. The following discussion does not purport to be a complete enumeration or explanation of the risks involved in an investment in any of the Adviser's Fund. Potential investors should read the applicable private placement memorandum, the Fund's operating agreement and the subscription agreement and should consult with their own legal, tax and financial advisors before deciding whether or not to invest in the Fund.*

The risks set forth herein with respect to the Fund are generally applicable to any special purpose vehicles formed to facilitate the Fund's investments. Except as the context otherwise requires, any reference to the "Fund" includes special purpose or alternative investment vehicles used by the Fund to facilitate investments.

General Risks

No Assurance of Investment Return. The Adviser cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that the Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that any investor will receive any distribution from the Fund. Partial or complete sales, transfers, or other dispositions of investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. Past activities of investment entities associated with investment professionals of the Adviser provide no assurance of future success.

Newly Formed Entities; Past Performance. The Adviser and its affiliates have no operating history upon which prospective investors may evaluate their performance. The success of the Funds will depend in large part upon the skill and expertise of the Adviser's investment team. The investment team is experienced, but its members have only recently begun to work together. Past performance of investment entities associated with members of the investment team are not necessarily indicative of future results and there can be no assurance that the Adviser will achieve comparable results or that targeted returns will be met. Moreover, the size and type of investments to be made by the Funds will in some cases differ from prior investments made by members of the investment team. Accordingly, investors should draw no conclusions from the performance of any other investments made by members of the investment team and should not expect to achieve similar returns.

Limited Number of Investments. The Funds will participate in a limited number of investments. Other than as provided in each Fund's offering documents, investors have no assurance as to the

degree of diversification of the Fund's investments, either by geographic region, asset type or sector. To the extent the Fund concentrates investments in a particular issuer, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. As a consequence, the aggregate return of the Fund may be adversely affected by the unfavorable performance of one or a small number of investments. Moreover, since all of the Fund's investments cannot reasonably be expected to perform well or even return capital, for the Fund to achieve above-average returns one or a few of its investments may need to perform very well. There are no assurances that this will be the case.

Furthermore, if the Fund co-invests with other investment funds, a Fund investor who is also an investor in any such other investment fund may have exposure to a portfolio company (in the form of equity and/or debt securities or loans) through more than one fund. Therefore, an investor should only invest in the Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive private equity investments is highly competitive and involves a significant degree of uncertainty. The Adviser expects to encounter competition from other entities having similar or overlapping investment objectives, such as other private equity investors or investors with a focus on middle-market investments generally, particularly those seeking to make investments in the \$50,000,000 to \$150,000,000 range. Potential competitors include other investment partnerships and corporations, business development companies, strategic industry acquirers, the public debt and equity markets and other financial investors investing directly or through affiliates. Certain of these competitors may possess competitive advantages in obtaining investments, including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital, access to funding sources unavailable to the Adviser and an ability to achieve synergistic cost savings in respect of an investment. Furthermore, over the past several years, an increasing number of private equity funds have been formed to capitalize on a variety of investment opportunities, including those which may overlap with the types of investment opportunities expected to be sought by the Funds. Additional funds with similar investment objectives and sector focus may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Funds and adversely affecting the terms upon which investments can be made. There can be no assurance that the Adviser or its affiliate will be able to locate and complete investments that satisfy the Fund's rate of return objectives or realize upon their values or that they will be able to invest fully the Fund's commitments. To the extent that the Adviser encounters competition for investments, returns to investors may decrease.

General Economic and Market Conditions. The success of the Adviser's investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political, environmental and socio-economic circumstances. The Fund's investments and the Adviser's financial condition may be adversely affected by a significant general economic downturn and the Adviser may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on its business and operations and thereby could impact the Funds. Moreover, a sustained downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Fund's profitability, impede the ability of the Fund's portfolio companies to perform under or refinance their existing obligations, and impair the Fund's ability to effectively exit investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Fund in respect

of certain investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure. The factors that could cause one of the Fund's investments to decline in value or otherwise perform poorly could affect other investments. The investment performance of one or more investments may not be uncorrelated or unrelated to the investment performance of other investments generally. In the event of a broad market downturn or developments within one or more portions of the global economy, a large portion of the Fund's investments may together be adversely affected. Prospective investors should not expect that any particular investment or the Fund's portfolio as a whole will be isolated from the potential negative effects of market events or general economic trends.

Financial and Business Risks of Portfolio Companies. Portfolio companies face changing business or economic conditions or other developments that may adversely impact their performance. Some portfolio companies may operate at a loss or have significant variations in operating results, may be engaged in a rapidly changing business or business environment with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, finance expansion or maintain their competitive position, may be in an early stage of development or may otherwise have a weak financial position. If for any of these or other reasons a portfolio company is unable to generate or maintain cash flow to meet its operating expenses and working capital requirements, make principal or interest payments on its indebtedness, or make other required payments on its commitments, the portfolio company's business, financial condition and prospects could be materially adversely affected and the value of the related investment could be significantly reduced or even eliminated.

Companies in which the Fund invests could deteriorate as a result of, among other factors, adverse developments in their businesses, changes in the competitive environment, or an economic downturn. As a result, companies which the Adviser expected to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

Reliance on Company Management. The day-to-day operations of each company in which the Fund invests will be the responsibility of such company's management team. Although the Adviser or its affiliate will be responsible for monitoring the performance of each investment and generally they intend to invest in companies operated by strong management, there can be no assurance that the existing management team or any successor will be able to operate the company in accordance with the Adviser's expectations. With respect to emerging companies, the Adviser or its Affiliate may have limited ability to evaluate the management of such companies based on past performance, and such companies may rely more on individual members of the management team than more established companies do. In addition, instances of fraud and other deceptive practices committed by the management teams of portfolio companies in which the Fund has an investment may undermine the Adviser's or its affiliate's due diligence efforts with respect to such companies. If such fraud is discovered, it could adversely affect the valuation of the Fund's investments and may contribute to overall market volatility that can negatively impact the Fund's investment portfolio.

Investments in Early-Stage and Late-Stage Companies. The Fund may make investments in companies that are in a conceptual or early stage of development. These companies are often characterized by short operating histories, new technologies and products, quickly evolving markets and management teams that may have limited experience working together, all of which enhance the difficulty of evaluating these investment opportunities. The management of these companies will need to implement and maintain successful marketing, finance personnel and other

operational strategies in order to become and remain successful. Other substantial operational risks to which these companies are subject include uncertain market acceptance of the company's products or services, a high degree of regulatory risk for new or untried and/or untested business models, products and services, high levels of competition among similarly situated companies, lower capitalizations and fewer financial resources and the potential for rapid organizational or strategic change. Any investments in early-stage companies are considered highly speculative and may result in the loss of the Fund's entire investment.

The Fund's portfolio companies may also include later stage companies involving different types of risks. These companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets; these activities by definition involve a significant amount of change and could give rise to significant problems in sales, manufacturing and general management of these activities.

No Assurance of Profit or Distributions. The marketability and value of the investments will generally depend upon factors beyond the control of the Adviser and its affiliates. There can be no assurance that investments will be profitable or realized or that any distributions will be made to investors with respect thereto. Distributions will ultimately depend upon the success of the investments made by the Fund. Distributions also will be subject to the terms and provisions of the governing documents, including, without limitation, the establishment of reserves to pay operating expenses and other liabilities of the Fund. The expenses of the Fund or any portfolio company may exceed its income, and investors could lose the entire amount of their invested capital.

Long-Term Nature of Investments. Investments are not expected to be liquidated or realized for a significant period of time after such investment is initially made. Factors such as overall economic and market conditions, the performance of the applicable portfolio company, the competitive environment and the availability of potential acquirers may shorten or lengthen the Fund's holding period with respect to an investment. Accordingly, it is not likely that any significant return from the disposition of an investment will occur for a number of years after such investment is made.

Illiquidity of Investments. Investments typically will be highly illiquid and will not provide current income. Illiquidity may result from the absence of an established market for investments as well as legal or contractual restrictions on their resale. The Adviser may be unable to sell or liquidate investments during the term of the Fund and, therefore, the Adviser may be forced to make a distribution in-kind to the investors. Investments may be restricted, at any given time, as to their transferability under U.S. securities laws. Further, in some cases the Adviser may be prohibited by contract from selling investments for a period of time or otherwise be restricted from disposing of such investments. In some cases, a substantial length of time may be required in order to liquidate an investment. Consequently, there is a significant risk that the Adviser will be unable to sell or otherwise dispose of investments at attractive prices, or will otherwise be unable to complete any exit strategy with respect to investments. These risks can be further exacerbated by changes in the financial condition or business prospects of a portfolio company, changes in national or international economic or market conditions and changes in laws, regulations, fiscal policies or political conditions of the United States and other jurisdictions in which the portfolio companies are located or in which they may conduct their respective businesses. If the Adviser is unable to sell or otherwise dispose of an investment by the end of the Fund's term, the investors may receive an in-kind distribution of their respective *pro rata* share of that investment, which may be illiquid. In addition, there can be no assurance that the distributions, if any, from the Fund to the investors will be sufficient to cover any investor's tax obligations arising from taxable income of the Fund.

Identification of Investment Opportunities. The Adviser's success will depend upon the identification and availability of suitable investment opportunities. The business of identifying and structuring private equity investments is highly competitive and involves a high degree of uncertainty and risk. The availability of investment opportunities will be subject to market conditions and certain other factors that will be outside the control of the Adviser. Investors may never be fully invested if the Adviser does not identify enough sufficiently attractive investments during the commitment period. There can be no assurance that the Adviser will be able to identify sufficient attractive investment opportunities to meet the Fund's investment objectives, or that the investors will be able to participate in any such investment opportunities.

Uncertainty Regarding Investments. Although the Adviser will make every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times and may need to be undertaken on an expedited basis and/or on the basis of imperfect information in order to take advantage of available investment opportunities. The due diligence process also may require the Adviser to rely on limited resources available to it, including information provided by the target of the investment and third-party consultants, legal advisors, accountants and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating an investment opportunity. The Adviser's due diligence investigations cannot ensure the success of its investments.

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

General Cash Flow Risks. A principal objective of the Adviser will be to make investments in entities with prospects for capital appreciation. The Adviser anticipates that certain portfolio companies will be leveraged and will likely not provide the Funds with any significant cash distributions until the underlying property is sold or refinanced. As a result, the Funds will likely not be able to make any significant cash distributions to the investors from such investments other than in connection with the liquidation of such investments.

Contingent Liabilities upon Disposition of Investments. In connection with the disposition or realization of an investment, the Fund may be required to make certain representations about the business and financial affairs of the applicable portfolio company that are typical of those made in connection with the sale of a business and may be responsible for the content of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which may ultimately be required to be funded by investors to the extent that such investors have received prior distributions with respect to such investment.

Non-Controlling Interests; Co-Investment Risks. The Fund may hold non-controlling interests in portfolio companies, or in debt instruments or other securities that do not entitle the Fund to voting rights, and, therefore, may have a limited ability to protect its interests in any such portfolio company, including with respect to the timing and manner of exiting the related investments. In

addition, to the extent that the Fund co-invests alongside unaffiliated lead or sponsoring private equity funds, the Fund may be exposed to risks that may not be present in investments in portfolio companies in which the Fund is the lead or sponsoring private equity fund. In such circumstances, the Fund may not have the opportunity to participate in the structuring of such investments or determine the terms under which such investments will be made. If appropriate given the Fund's ownership stake, the Adviser or its affiliate may negotiate representation on the board of directors of a portfolio company or appropriate minority shareholder and supervisory rights to protect the Fund's investment. However, there can be no assurance that these measures will give the Fund the influence it would need to protect its investment.

The Fund may co-invest with third parties through partnerships, joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a co-venturer may have legal, financial, or regulatory difficulties that negatively impact such investment. Further, a co-venturer may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. In addition, the Fund may in certain circumstances be liable for the actions of its third-party co-investors or co-venturers. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements.

Control Person Liability. The Fund may acquire controlling interests in portfolio companies and the Adviser may seek to designate employees, agents or affiliates of the Adviser to serve on the boards of directors of portfolio companies. The designation of directors and other contemplated measures could expose the assets of the Fund to claims by a portfolio company, its security holders and its creditors. While the Adviser expects to manage the Fund in a way that will minimize exposure to such risks, the possibility of successful claims cannot be precluded.

Investments in Junior Securities. The Fund may invest in companies that have already received one or more rounds of financing. The securities in which the Fund will invest in these instances may be among the most junior in a portfolio company's capital structure and thus subject the Fund to a greater risk of losing all or part of its invested capital. There will often be no collateral to protect the Fund's investment in such securities once made.

Dependence on Patents, Trademarks and Other Intellectual Property. Certain of the Adviser's investments will depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a portfolio company's particular product.

Environmental Risks. Portfolio companies may be subject to numerous statutes, rules and regulations relating to environmental protection, under which a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. The Fund may be exposed to substantial risk of loss from environmental claims arising in respect of portfolio companies.

Changes in the Political Environment of the United Kingdom and Europe. The global economy may be adversely affected by changes in the political environment of the United Kingdom and

Europe following the result of the United Kingdom's referendum on June 23, 2016 calling for the United Kingdom to withdraw from the European Union, or "Brexit." On March 29, 2017, the UK government gave notice of the United Kingdom's withdrawal from the European Union, initiating the period for negotiations to provide for the United Kingdom's orderly exit from the European Union via the process laid out in Article 50 of the Treaty on European Union and determine the terms of the United Kingdom's relationship with the European Union, including the terms of trade between the United Kingdom and both the European Union and other countries with which the United Kingdom previously traded on the basis of agreements concluded with the European Union. This negotiation process is likely to be lengthy and complicated. Although it is not possible to predict the full impact of Brexit, Brexit could have a significant adverse impact on United Kingdom, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. The announcement of Brexit caused significant volatility in global stock markets and currency exchange rate fluctuations. Brexit's continuing or future macroeconomic effects could adversely affect the value of the Fund's portfolio investments and ability to access markets, as well as limit the Fund's investment opportunities and exit options. In particular, difficult market conditions caused by Brexit could limit investment opportunities to the extent, for example, that financing for portfolio investments is not available or is available on unfavorable terms.

Equity Investments. The Adviser may invest in equity or equity-related investments (including investments in publicly-traded companies) which, by their nature, involve business, financial, market and/or legal risks. Holders of equity or equity-related investments generally own a residual interest in the applicable portfolio company and are junior to any obligations owed to the senior or subordinated creditors of such portfolio company.

Debt Investments. The Fund may invest in bonds, notes and debentures issued by portfolio companies. These investments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. The Fund may invest in portfolio company debt instruments that have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. In addition, the Fund may be paid interest in-kind in connection with portfolio company debt and related financial instruments (e.g., the principal owed to the Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Fund may experience substantial losses.

Litigation. The Adviser's investment activities may subject it to the risks of becoming involved in litigation with third parties. The expense of defending against claims against the Fund by third parties and the payment of any amounts pursuant to settlements or judgments would be borne by the Fund, reduce distributions and could require investors to return distributed capital and earnings to the Fund. The Adviser, its affiliates, and their respective personnel will generally be indemnified by the Fund in connection with any such litigation, subject to certain conditions.

Leverage Risks. The Adviser may utilize leverage in connection with its investments. There can be no assurance that the Adviser's leverage strategies will be successful or cost-effective. Leverage involves risks and special considerations for investors, including:

- the likelihood of greater volatility in the value of the Fund's investments than a comparable portfolio without leverage;

- the risk that fluctuations in interest rates or dividend rates on leverage instruments issued by the Fund's portfolio companies will reduce the returns to the investors or will result in fluctuations in the amount of current income available for distribution by the Fund;
- the risk that the issuer of a leverage instrument could breach a covenant in the operative agreements governing such leverage instrument, which could give the holder of such instrument the right to prohibit the issuer from paying dividends to its equity holders;
- the effect of leverage in a declining market, which is likely to cause a greater decline in the value of the Fund's investments than if the Fund were not leveraged; and
- the likelihood that the use of leverage will also increase expenses borne by the Fund (and indirectly by the investors), including costs and expenses relating to the issuance and maintenance of such leverage and debt service costs (including breakage payable in the event leverage instruments are retired prior to their scheduled maturity date).

The use of borrowed funds creates the opportunity for greater total returns, but at the same time involves certain risks.

To the extent the Fund borrows in advance or in lieu of capital contributions, investors will make correspondingly later or smaller capital contributions. Also, to the extent the Fund borrows to facilitate distributions of proceeds from an investment, investors may receive distributions earlier. As a result, the use of borrowed funds can impact calculations of carried interest, as these calculations generally depend on the amount and timing of capital contributions and distributions of proceeds. In particular, the preferred return begins to accrue after capital contributions are due (regardless of when funds are borrowed or the relevant investment is made or Fund expenses are paid) and ceases to accrue upon return of such capital contributions; the use of borrowed funds will impact the amount of preferred return to which the investors are entitled. In addition, use of borrowed funds at times will impact the calculation of certain net performance metrics, such as net IRR, that will be presented in the Fund's periodic reports.

In addition, the Fund may enter into contractual arrangements, including deferred purchase price payments, staged funding obligations, earn outs, milestone payments, and equity commitment letters and similar arrangements, that obligate it to fund amounts to special purpose vehicles, portfolio companies or other third parties. Such arrangements may not constitute borrowings or guarantees under the governing documents and may not be subject to the related caps, even though these arrangements pose many of the same risks associated with the use of leverage that the caps intend to address.

Investments in Highly Leveraged Companies. The Fund's investments may include investments in companies and projects whose capital structures may have significant leverage (including substantial leverage senior to the Fund's investments), a considerable portion of which may be at floating interest rates. The leveraged capital structure of such companies will increase their exposure to adverse economic factors such as rising interest rates, downturns in the economy or further deteriorations in the financial condition of the company or its industry. This leverage may result in more serious adverse consequences to such companies (including their overall profitability or solvency) in the event these factors or events occur than would be the case for less leveraged companies. For example, rising interest rates may significantly increase the portfolio company's interest expense, or a significant industry downturn may affect a company's ability to generate positive cash flow, in either case causing an inability to service outstanding debt.

Current Market Conditions and Governmental Actions. Beginning in the fall of 2008, world financial markets experienced extraordinary market conditions, including among other things, extreme losses and volatility in securities markets and the failure of credit markets to function properly. In reaction to these events, regulators in the U.S. and several other countries undertook various unprecedented regulatory actions. The U.S. Government and securities regulators of many other jurisdictions continue to implement and consider measures to stabilize U.S. and global financial markets. On July 21, 2010, President Obama signed into law the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which represents the most significant overhaul of the financial services industry and financial markets since the Great Depression. The Dodd-Frank Act, among other things, will (a) significantly increase the regulation of the Adviser and other private fund managers (including the imposition of new recordkeeping and reporting requirements), (b) prohibit certain banking entities from acquiring or retaining any equity ownership interest in, or sponsoring, any hedge fund or private equity fund (subject to certain exceptions), and (c) significantly increase regulation of over-the-counter derivatives and the derivatives industry in general. As a result of the foregoing and other provisions in the Dodd-Frank Act, the Adviser, the Fund and their respective businesses may face additional costs and may be adversely affected by such regulations in the future.

However, despite the Dodd-Frank Act and other recent regulatory and legislative efforts, global financial markets and the private equity industry remain extremely volatile and unpredictable. It is uncertain whether recent regulatory and legislative actions will be able to prevent market volatility, stabilize the securities or financial markets or stimulate the credit markets. The Dodd-Frank Act and other significant new regulations could limit the Fund’s or the Adviser’s activities and investment opportunities or change the functioning of capital markets, and there is the possibility of a more severe worldwide economic downturn. Consequently, the Adviser may not be capable of, or successful at, preserving the value of the Fund’s assets, generating positive investment returns or effectively managing risks.

Terrorist Attacks and War. Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States or its interests abroad may adversely affect the United States, its financial markets and global economies and could prevent the Adviser from meeting its investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, and other acts of war or hostility have created many economic and political uncertainties, which may adversely affect the United States and world financial markets and the Adviser for the short or long-term in ways that cannot presently be predicted.

Operational and Regulatory Risks

Risk Management. Although the Adviser will seek to manage investment risks by employing appropriate due diligence, analysis and pricing models prior to the Fund’s investment in a portfolio company, it cannot assure that these methods will expose all the considerations relevant to the investment decision. Further, the operational controls and risk management techniques the Adviser uses may involve third parties over whom it does not exercise control, including outsourced providers of fund administration and custody services. The proper operation of the Fund and safekeeping of its assets depends on the performance and financial wherewithal of these third parties. The operational controls and risk management techniques that the Adviser uses also necessarily include subjective elements, making the judgment and discretion of its investment professionals, and its control-side professionals, fundamental to the risk management process. The greater the importance of subjective factors, the more challenging it becomes for the Adviser to

control for risk, which in turn increases the likelihood of unpredictable results with respect to a portfolio company and the Fund's overall performance.

General Operational Risks. The nature of the Adviser's investment activities and structure may place substantial burdens on its operational systems and resources, including those related to portfolio company research, collateral maintenance, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and fund transfers. Human error, system failure or other problems with any of these processes could result in material losses or costs, which generally will be borne by the Fund.

Systems and Facilities Risks. The Adviser will rely on computer programs, systems and other resources to evaluate certain investments and portfolio companies and to monitor such investments and portfolio companies. The Adviser will also depend on access to its facilities and systems. Although the Adviser will attempt to develop appropriate contingency plans, there can be no assurance that such plans will be effective. For example, a natural catastrophe or terrorist incident could temporarily or permanently interfere with the availability or efficient functioning of such resources. Any defect or failure in the Adviser's computer programs or systems or any interruption in the Adviser's access to its facilities, however brief, could have a material adverse effect on the Funds.

Valuation Risks and ASC 820. Although the Adviser or its affiliate will attempt to mark investments and other assets of the Fund to fair value, substantial uncertainty and subjectivity will often exist, particularly for illiquid investments, and even their best judgment as to fair value may not accurately reflect the prices at which the Fund could actually purchase or sell such assets. The Adviser or its affiliate will determine the fair value of investments based on a variety of valuation methodologies, which may depend on unreliable estimates and assumptions. The methodologies applied to particular assets or types of assets may vary from case to case and over time depending on a range of factors. A failure to properly value the Fund's assets could have a material adverse effect on the returns earned by investors. Many assets are subject to rapid changes in value caused by sudden company-specific or industry-wide developments. For certain illiquid investments, long periods of time may pass during which the Adviser or its affiliate will have no or a limited basis upon which to change the reported value of the investment, with the result being that large price movements could occur suddenly when information becomes available or an investment is liquidated. All values assigned to assets and liabilities by the Adviser or its affiliate generally will be final and conclusive on all investors.

With certain limited exceptions, the Adviser will determine the valuations with respect to Fund investments in good faith and in accordance with U.S. generally accepted accounting principles ("GAAP"), consistently applied. Specifically, for purposes of GAAP-compliant financial reporting, the Fund will be required to follow a specific framework for measuring the fair value of its assets and liabilities and will be required to provide certain additional disclosures regarding the use of fair value measurements in its audited financial statements. Financial Accounting Standards Board ("FASB") Codification ("ASC") 820 defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. Other valuation-related requirements are contained in other provisions of GAAP, and other sections of the Codification. Additional FASB Accounting Codification Standards and updates and additional provisions of GAAP that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting.

Generally, ASC 820 and other accounting rules applicable to investment funds and assets in which they invest are evolving and are expected to change in the future. Such changes may adversely affect the Fund. For example, the evolution of rules governing the determination of the fair market value of assets, to the extent such rules become more stringent, would tend to increase the cost and reduce the availability of third-party determinations of fair market value. This may in turn increase the costs associated with selling assets or affect their liquidity due to inability to obtain a third-party determination of fair market value. In order to value the assets and liabilities of the Fund, the Adviser or its affiliate may rely on information provided by employees of the Adviser or its affiliate, portfolio companies or other third parties, and such persons may provide inaccurate, incomplete, outdated or otherwise unreliable information. In the case of employees who receive compensation based on the performance of certain investments, such employees may be motivated to provide incorrect valuation information in order to receive inflated or increased compensation. The Adviser may be unable to detect every error contained in valuation information. To the extent the information received by the Adviser is inaccurate, incomplete or unreliable, the valuation of the Fund's assets and liabilities may be inaccurate.

Internal Controls and Employee Misconduct. The Adviser expects to adopt supervisory guidelines and other controls with the intention of detecting and preventing unauthorized trading, misappropriation of the Fund's property and other misconduct and violations of law by employees of the Adviser and other agents of the Fund. There can be no assurance, however, that such procedures and controls will be effective. Any violation of such procedures and controls, including acts of fraud and dishonesty by employees or other agents of the Adviser, or even unsubstantiated allegations of such misconduct, could result in material losses or costs, which generally will be borne by the Fund. Further, the Adviser may rely on third parties over whom it does not exercise control to perform certain services.

Regulatory and Legal Matters. The Adviser, its affiliates, and their agents may in the future be named as defendants in civil litigation related to their investment management activities or investments. The expenses of defending against claims and paying any amounts pursuant to settlements or judgments generally will be borne by the Fund, and the Adviser and its affiliates and agents generally will be indemnified by the Fund in connection with any such litigation, subject to certain conditions. Litigation could also be a distraction for the Fund and/or the Adviser and, if adversely decided, could result in costs that would make it difficult for the Fund and/or the Adviser to attract and retain key personnel or otherwise achieve its objectives.

Business and Regulatory Risks of Private Investment Funds. The financial services industry generally, and the activities of private investment funds and their managers in particular, have recently been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Fund's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Adviser, including, without limitation, responding to investigations and implementing new policies, procedures and reporting requirements. Such burdens may divert the Adviser's time, attention and resources from portfolio management activities.

The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their activities (including the Dodd-Frank Act) may adversely affect the ability of the Fund to pursue its investment strategy, its ability to obtain leverage and financing and may also affect the value of investments.

While the Fund may be considered similar to an investment company, the Fund does not expect to register as such under the 1940 Act, and, accordingly, the provisions of the 1940 Act (which, among

other matters, require investment companies to have a majority of disinterested directors and regulate the relationship between the adviser and the investment company) generally will not be applicable to the Fund or the investors.

In addition, neither the Adviser nor its affiliates are registered as a broker-dealer under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), or with the Financial Industry Regulatory Authority (“FINRA”), and consequently are not subject to the record-keeping or specific business practice provisions of the Exchange Act or the rules of FINRA.

This Brochure cannot address or anticipate every possible current or future regulation that may affect the Fund, the Adviser or their respective businesses. Such regulations may have a significant impact on the Fund, the Adviser or the operations thereof. Prospective investors are encouraged to consult their own advisers regarding an investment in the Fund.

Anti-Money Laundering and Anti-Terrorism Measures. The Adviser or its affiliate may become subject to certain anti-money laundering and customer identification regulations promulgated pursuant to applicable anti-money laundering law and regulation, such as rulemaking proposed on August 25, 2015 by the U.S. Treasury Department’s Financial Crimes Enforcement Network that would impose anti-money laundering compliance obligations on registered investment advisers. The Adviser will take such steps as it deems reasonably necessary to comply with any applicable anti-money laundering regulations or policies of financial institutions, service providers or others providing financing or other services to the Fund or a portfolio company. These steps may include obtaining additional information regarding the identity of the investors and their beneficial owners, if any, and disclosing that information to such parties or to law enforcement or regulatory authorities.

AIFMD. The European Union’s Directive 2011/61/EU on Alternative Investment Fund Managers (the “AIFM Directive”) came into effect on July 22, 2011 and harmonizes the regulation of Alternative Investment Fund Managers (as defined under the AIFM Directive as of the date of this Brochure) who are based in the European Economic Area (“EEA”) or who market interests in “Alternative Investment Funds” (as defined under the AIFM Directive) to investors domiciled or registered in the EEA (“EEA Investors”).

The AIFM Directive will apply to the Adviser and its affiliates to the extent the limited partnership interests of the Fund are marketed (within the meaning of the AIFM Directive as implemented in the relevant member states of the EEA) to EEA Investors. The AIFM Directive may have an adverse impact on the marketing of interests to EEA Investors and the operation of the Fund.

Risks Relating to Fund Terms and Structure

Reliance on the Adviser. The Adviser’s success on behalf of the Funds will depend on its ability to attract and retain key employees. Any deterioration in the Adviser’s net income or prospects, which could be expected to follow from investment losses and a reduction in assets under management, will make it more difficult for it to retain key personnel (including partners and employees) and could have a material adverse effect on the Funds.

Discretion Under the Fund’s Operating Agreement. The Adviser will have significant discretion in the management of the affairs of the Funds, including discretion in:

- appointing members of the advisory committee;
- consenting to an investor’s request to transfer its interest in the Fund;

- excusing or excluding investors from certain investments;
- the valuation of portfolio;
- addressing certain conflicts of interest;
- interpreting provisions of the Fund’s operating agreement, side letters or other agreements that may be ambiguous as applied to specific factual circumstances;
- structuring investments to address tax or other considerations;
- determining the terms of the admission of investors who invest after the initial closing date;
- applying penalties to defaulting partners;
- making distributions in cash or in-kind;
- determining whether certain transactions constitute a “disposition” for purposes of calculating carried interest;
- determining whether the value of an investment is likely to remain impaired permanently for purposes of calculating carried interest;
- allocating the economic burden of certain taxes and other expenses;
- settling claims that may give rise to Fund indemnification obligations;
- offering co-investment opportunities; and
- such other matters as may arise from time to time.

Although the Adviser may take its own interests into account in the exercise of such discretion, it will nonetheless be required to consider the interests of the Fund as a whole, and will in no case consider its own interests ahead of the interests of the Fund or the investors as a whole. The exercise of such discretion may negatively impact the investors generally or may impact some investors disproportionately.

Conflicts of Interest. Various actual and potential conflicts of interest exist among the Fund and the Adviser and its affiliates, principals and other clients, including actual and potential conflicts of interest related to fees, portfolio composition and valuation, expense allocation, selection of counterparties, treatment of other investors, limitation of liability, indemnification, allocation of opportunities and transactions and outside business activities. During the Fund’s term, many different types of conflicts of interest may arise and this Brochure does not purport to identify or predict all such conflicts. The investors ultimately will be heavily dependent upon the good faith of the Adviser and each of its affiliates.

Management Fee Based on Aggregate Capital Commitments. During the commitment period, the Management Fee will be equal to a percentage of each investor’s aggregate commitment. There can be no assurance as to when capital will be invested or that the entire commitment of an investor will be called by the Fund. As a result, an investor will pay a Management Fee based upon its aggregate commitment even though such amount may never be fully invested by the Fund. Since the Adviser expects to reserve a portion of each investor’s unfunded commitment for

follow-on investments, Management Fees, Fund Expenses and other liabilities of the Fund, it is unlikely that the entire amount of an investor's Commitment will be called by the Fund.

Co-Investment Warehousing. The Adviser may temporarily warehouse a portion of an investment opportunity in order to facilitate a co-investment by one or more affiliated or third-party co-investors. If the relevant co-investment is not ultimately consummated, the Fund may end up holding a larger portion of the investment than it otherwise expected or desired to hold. The risk of a co-investment not being consummated may increase in the event an investment decreases in value during the warehousing period, and the Fund may be required to bear the losses in connection with any such investment. The Adviser determines the cost of the co-investment in its sole discretion, taking into account its cost to the Fund, the cost of capital and other factors, and may not charge the co-investors an amount that accurately reflects any appreciation in the value of the investment or appropriately compensates the Fund for the costs and risks incurred during the holding period.

Disproportionate Allocation of Profits. The Adviser or its affiliate may receive substantial sums from, and an increased interest in, the Fund by reason of the allocation of 20% of the Fund's cumulative net profits to the Adviser or its affiliate. The allocation of profits in this instance is not proportionate to the Adviser's or its affiliate's capital contribution to the Fund and may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such a provision.

Drawdown Schedule. Capital commitments may be drawn before such amounts are actually needed for investments and, as a result, it is possible that a significant portion of the amounts contributed to the Fund will be held in temporary investments for a period of time pending investment. As a result, the rate of return for amounts contributed may be significantly lower than if such amounts were called by the Fund on an "as needed" basis and invested immediately.

Compensation Arrangements. The Adviser will be entitled to receive the Management Fees and the General Partner will be entitled to receive Carried Interest distributions. Management Fees, which will be paid without regard to the Fund's performance, could motivate the Adviser to gather more assets than can be managed effectively, thereby diluting returns to investors. Carried Interest distributions could motivate the Adviser, due to its affiliation with the General Partner, to make investments that are riskier or more speculative than would be the case if such arrangements were not in effect.

Limitation of Liability and Indemnification. Certain exculpation and indemnification provisions are contained in the Fund's operating agreement, the management agreement and other applicable documents. As a result of these provisions, the General Partner, the Adviser and their affiliates and personnel generally will not be liable to the Fund for any act or omission, absent fraud, willful misconduct or gross negligence, and the Fund generally will be required to indemnify such persons against any losses that they may incur by reason of any act or omission related to the Fund, absent willful misconduct, fraud or gross negligence. Notwithstanding the foregoing, such provisions will not be construed to relieve any person of any liability to the extent that such liability may not be waived, modified or limited under applicable law (including liability under certain U.S. securities laws which, under certain circumstances, impose liability even on persons acting in good faith). These are important provisions that could materially affect an investor's rights in the Fund. Investors having any questions or concerns about these provisions should seek advice from qualified counsel.

Recourse to Assets of the Fund. The Fund's assets, including investments and any capital it holds, may be available to satisfy all of the Fund's liabilities and other obligations. Parties seeking to have a liability against the Fund satisfied may have recourse to the Fund's assets generally.

Accordingly, an investor may find its interest in the Fund's assets adversely affected by a liability arising out of a single investment, even if that investor did not participate in that particular investment.

Distributions Subject to Reduction. The Adviser or its affiliate will be entitled to withhold from any amounts otherwise distributable to the investors any amounts necessary to satisfy withholding obligations under any applicable tax law.

Lack of Management Control. The management of the affairs of the Fund will be vested exclusively in the General Partner, and in such other persons, such as the Adviser, to whom the General Partner may delegate investment management and other authority. Notwithstanding the foregoing, overall responsibility for the oversight and control of the Fund will remain with the General Partner. Pursuant to the applicable management agreement, the Adviser will have wide latitude and exclusive authority and discretion in making most investment decisions, and the management agreement may be terminated by any party upon sixty (60) days' prior written notice to the other party. With limited exceptions, the investors will have extremely limited rights to participate in the decisions made by the Adviser or the General Partner with respect to the Fund, or otherwise participate in the affairs of the Fund.

Broad Investment Mandate. Except as described in the applicable offering documents, there are no material limitations on the instruments, markets or countries in which the Fund may invest or the specific investment strategies that it may employ. Moreover, the Fund's investments may be concentrated at various points in time in a particular segment of an industry or geography, particularly early in the Fund's term.

Liability for Return of Distributions Under Law. Under Delaware law, any investor that receives a distribution that such investor knows leaves the Fund insolvent may be liable to return such distribution. In addition, an investor may be liable under applicable U.S. federal and state bankruptcy laws to return a distribution made immediately prior to or during the Fund's insolvency.

Investor Due Diligence Information. As part of their due diligence, some prospective investors may ask different questions or request different information. As a result, the Adviser may provide certain information to some prospective investors that it does not provide to others. The answers and additional information the Adviser provides in response to such questions may be limited or incomplete or depend upon a specific context. Since the Adviser is not incorporating these answers and additional information into the offering documents, prospective investors may not rely on such answers or information in making their decision to subscribe for interests in the Fund.

Partnership Law. The Fund will be governed by the laws of the state of Delaware, and Delaware courts might not provide for the recognition and enforcement of judgments made in an investor's jurisdiction. The Adviser may organize investment vehicles governed by the laws of other jurisdictions, and the courts of those other jurisdictions might not provide for the recognition and enforcement of judgments made in an investor's jurisdiction.

Regulatory Risk. Certain portfolio investments may be subject to comprehensive United States and foreign federal, state and local laws and regulations. Present, as well as future, statutes and regulations could cause additional expenditures, restrictions and delays that could materially and adversely affect the portfolio companies and the prospects of the Fund.

Regulatory Approvals. The Adviser may invest in portfolio companies believed to have obtained all material United States federal, state, local or non-U.S. approvals required as of the date thereof

to acquire and operate their facilities and conduct their business. In addition, the Adviser may be required to obtain the consent or approval of applicable regulatory authorities in order for the Fund to acquire or hold certain ownership positions in portfolio companies. A portfolio company could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Moreover, additional regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in the companies' customers or for other reasons. There can be no assurance that a portfolio company will be able to (i) obtain all required regulatory approvals that it does not currently have or that it may be required to have in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility or sales to or from third parties or could result in additional costs to a portfolio company.

Regulatory changes in a jurisdiction where a portfolio investment is located may make the continued operation of the portfolio investment infeasible or economically disadvantageous and any expenditures made to date by such portfolio investment may be wholly or partially written off. The locations of the portfolio investments may also be subject to government exercise of eminent domain power or similar events. Any of these changes could significantly increase the regulatory-related compliance and other expenses incurred by the investments and could significantly reduce or entirely eliminate any potential revenues generated by one or more of the investments, which could materially and adversely affect returns to the Fund.

Change of Law Risk. In addition to the risks regarding regulatory approvals, it should be noted that government counterparties or agencies may have the discretion to change or increase regulation of a portfolio investment's operations, or implement laws or regulations affecting the portfolio investment's operations, separate from any contractual rights it may have. A portfolio investment also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such company. Governments have considerable discretion in implementing regulations that could impact a portfolio investment's business.

Investments Longer Than Term. The Adviser may make investments which may not be advantageously disposed of prior to the date the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the Adviser expects that investments will either be disposed of prior to termination or be suitable for in-kind distribution at dissolution and the General Partner has a limited ability to extend the term of the Fund, the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Investments in Publicly-Traded Securities. The Adviser will have the ability to invest in securities that are publicly traded and are therefore subject to the risks inherent in investing in public securities. The Fund's investments in securities of publicly traded companies may be sensitive to movements in the stock market and trends in the overall economy. Moreover, the ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise. When investing in public securities, the Adviser may be unable to obtain financial covenants or other contractual rights, including management rights, that it might otherwise be able to obtain in making privately negotiated investments. Moreover, the Adviser may not have the same access to information in connection with

investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, the Adviser may be limited in its ability to make investments, and to sell existing investments, in public securities because the Adviser may be deemed to have material, non-public information regarding the issuers of those securities or as a result of other internal policies. There can be no assurance that the Adviser will make investments in public securities or, if it does, as to the amount it will so invest. The inability to sell public securities in these circumstances could materially adversely affect the investment results of the Fund.

Risks of Certain Non-U.S. Investments. The Adviser may make some investments outside of the United States. Non-U.S. securities involve risks not typically associated with investing in the more developed and established U.S. capital markets and securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in, and relative illiquidity of, some foreign securities markets; (iii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (iv) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability; and (v) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. While the Adviser intends, where appropriate, to manage the Funds in a manner that will minimize exposure to the foregoing risks to the extent practicable, there can be no assurance that adverse developments with respect to such risks will not adversely affect the assets of the Funds that are held in certain countries.

Investment in Restructurings and Reorganizations. The Adviser may make investments in restructurings that involve, or otherwise invest in the debt securities of, companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such companies to become subject to bankruptcy proceedings. As such, these investments could subject the Fund to certain additional potential liabilities that may exceed the value of the Fund's original investment therein. For instance, under certain circumstances, payments to the Fund and distributions by the Fund to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the court's discretionary power to disallow, subordinate or disenfranchise particular claims. Under certain circumstances, a lender that has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed, or may be found liable for damages suffered by parties as a result of such actions.

Uncertainty of Financial Projections. The Adviser will generally establish the capital structure of the Fund's portfolio companies on the basis of financial projections for these companies and will normally base projected operating results primarily on management judgments. In all cases, projections are only estimates of future results that rely upon assumptions made at the time that the projections are developed. There can be no assurance that a portfolio company will achieve its projected results, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of projections.

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

Interest Rate Fluctuations. General interest rate fluctuations may have a substantial negative impact on the Adviser's investments and investment opportunities and accordingly may have a material adverse effect on the Fund's investment objectives and the rate of return on invested capital. The securities in which the Fund will generally invest have valuations which are based on numerous factors, including sector fundamentals and specific company characteristics. However, such securities are also susceptible to fluctuations in interest rates and, like treasury bonds, the prices of securities can increase when interest rates fall and decline when interest rates rise.

Currency and Exchange Rate Risks. A portion of the Fund's investments, and the income received by the Fund with respect to such investments, may be denominated primarily in non-U.S. currencies. However, the books of the Fund will be maintained, and contributions to and distributions from the Fund generally will be made, in U.S. dollars. Accordingly, changes in currency exchange rates may adversely affect the dollar value of investments, interest and dividends received by the Fund, gains and losses realized on the sale of investments and the amount of distributions, if any, to be made by the Fund. In addition, the Fund will incur costs in converting investment proceeds from one currency to another. The Adviser or its affiliate may enter into hedging transactions designed to reduce such currency risks.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of the investments held by the Fund. Instability in the securities markets may also increase the risks inherent in the Fund's investments.

Hedging Policies/Risks. In connection with certain investments, the Adviser may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

In addition, although such hedging transactions may hedge economic risks, they may not be effective hedges for tax purposes. For example, the tax character of the gain or loss on the hedging transaction may differ from the character of the gain or loss on the investment or the timing of the gain or loss for tax purposes may differ between the hedging transaction and the investment.

Finally, changes to the regulations applicable to the financial instruments the Adviser uses to accomplish its hedging strategy, including the U.S. Commodity Futures Trading Commission (the "CFTC")'s proposed rules on position limits for derivatives, could limit the effectiveness of that strategy or require more onerous reporting.

With respect to any investments in synthetic instruments, the Fund will have a contractual relationship only with the synthetic instrument counterparty and no direct rights with respect to the underlying asset. The Fund may not have any voting, information or other rights of ownership with respect to the underlying asset. In addition, the Fund will be subject to the credit risk of the synthetic instrument counterparty, and, in the event of the insolvency of that counterparty, the

Fund generally will be treated as a general creditor of that counterparty and will not have any claim of title with respect to the underlying asset.

No Market for Interests and Restrictions on Transfer. The interests in the Fund have not been registered under the Securities Act, or applicable securities laws of any state or the securities laws of any other jurisdiction, and, therefore, cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available.

It is not contemplated that the interests in the Fund will ever be registered under the Securities Act or other securities laws. There is no public market for the interests and one is not expected to develop. An investor will not be permitted to transfer or assign its interest in the Fund, in whole or in part, without, among other things, the prior written consent of the Adviser or its affiliate. Except in extremely limited circumstances, withdrawals from the Fund will not be permitted. Accordingly, investors should not expect that they will be able to transfer, sell or otherwise dispose of all or any portion of their interests during the term of the Fund, nor can they be certain that they will be able to transfer, sell or otherwise dispose of all or any portion of their interests on a basis which reflects the value of the investments. Investors must be prepared to bear the risks of owning their interests for an extended period of time.

Reliance on the Adviser or Its Affiliate. The Adviser or its affiliate will have exclusive responsibility for the Fund's activities, and, other than as may be set forth herein and in the Fund's operating agreement, investors will not be able to make investment or any other decisions in the management of the Fund. Investors will be relying on the ability of the Adviser or its affiliate to select the investments to be made using the capital available to the Fund. The success of the Fund will depend in part upon the skill and expertise of the Adviser professionals. However, there can be no assurance that such professionals, or members of the advisory board, will continue to be associated with the Adviser or its affiliates throughout the life of the Fund.

Absence of Recourse. The Fund's operating agreement will include exculpation, indemnification and other provisions that will limit the circumstances under which the Adviser, the General Partner and others can be held liable to the Fund. Additionally, certain service providers to the Fund, the Adviser, their respective affiliates and other persons, including, without limitation, the members of the advisory committee, members of the General Partner and placement agents and finders, may be entitled to exculpation and indemnification (in certain cases on terms more favorable to them than those available to indemnitees generally). As a result, the investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

Indemnification. The Fund will be required to indemnify and hold harmless certain indemnitees, and may indemnify other persons, from and against liabilities arising in connection with the Fund, including any liabilities arising out of litigation. Members of the advisory committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the Fund's operating agreement. Such liabilities may be material and have an adverse effect on the returns to the investors. For example, in their capacity as directors of companies the Fund invests in, the directors, officers, partners, members, advisors or employees of the Adviser, the General Partner and their affiliates may be subject to derivative or other similar claims brought by shareholders or creditors of such companies. The Fund also may be required to indemnify the purchasers of its portfolio investments in connection with the sale of a portfolio investment. These arrangements may result in the incurrence of contingent liabilities for which the Fund would be liable and for which the Adviser or its affiliate may establish reserves or escrow accounts. In addition, the Adviser may sell investments in public offerings. Such offerings can give rise to

liability if the disclosure relating to such sales proves to be inaccurate or incomplete. The indemnification obligation of the Fund would be payable from the assets of the Fund, including the unpaid commitments of the investors. If the assets of the Fund are insufficient, the Adviser or its affiliate may recall distributions, previously made to the investors, subject to certain limitations set forth in the Fund's operating agreement. Furthermore, as a result of the provisions contained in the Fund's operating agreement, the investors may have a more limited right of action in certain cases than they would in the absence of such limitations.

Any insurance policies utilized by the Adviser or its affiliate to help mitigate the Fund's exposure to any indemnifiable costs and liabilities may be subject to certain limitations and restrictions on payments. The Adviser cannot guarantee that the Fund will be able to collect on claims against such policies.

In addition, insurance policies (which are obtained at the expense of the Fund) may provide coverage for actions for which the indemnified persons would not be entitled to indemnification under the Fund's operating agreement.

Dilution from Subsequent Closings. Investors subscribing for interests at subsequent closings will participate in existing investments of the Fund, diluting the interest of existing investors therein. Although such investors will contribute their pro rata share of previously made Fund draws (plus an additional amount thereon), unless the Adviser or its affiliate in its sole discretion (subject to certain restrictions set forth in the Fund's operating agreement) determines that a pro rata contribution from investors at a subsequent closing together with interest as described in the Fund's operating agreement would not appropriately reflect a material change in the value of the investments then held by the Fund, there can be no assurance that this payment will reflect the fair value of the Fund's existing investments at the time such additional investors subscribe for interests in the Fund.

Consequences of Default. In the event that an investor fails to fund any of its capital commitment when required, that investor's interest in the Fund and its investments will be reduced, and that investor may be precluded from further investment in the Fund. If an investor fails to pay any of its capital commitment when due, and the capital contributions and unfunded commitments of non-defaulting investors and borrowing by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subject to significant penalties that could materially adversely affect the returns to the investors (including non-defaulting investors). In addition, the non-defaulting investors may be required to increase their contributions to the investment resulting in the defaulted capital contribution and in respect of subsequent Fund investments, which, in turn, will reduce the degree of diversification of those investors' investment in the Fund and increase those investors' risk of loss.

Consequences of Excuse or Exclusion. In certain instances an investor may be excused or excluded from participation in an investment in whole or in part, either pursuant to the excuse and exclusion provisions contained in the Fund's operating agreement or pursuant to a side letter agreement which may include excuse or opt-out rights for violation of an investor's internal investment policies, such as investments in a particular geography or industry, or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors. In the event the Adviser or its affiliate elects to proceed with any investment from which an investor is excused or excluded, the Adviser or its affiliate will generally make up any shortfall in an investor's contributions by requiring the other investors to increase their contributions pro rata or by borrowing funds to cover such shortfall. In the event such other investors are required to increase their contributions, the Adviser or its

affiliate will deliver a new capital call notice to each of the investors that is able to participate in such investment indicating the additional payment to be made in respect of such investment. No such additional payment may exceed an investor's aggregate unfunded commitments as of the date of the capital call notice or, together with the initial contribution of any investor to the investment and any additional contributions to satisfy a deficiency caused by one or more defaulting partners, may exceed 125% of the amount that any investor would have been required to contribute for the relevant investment absent the excuse or exclusion. In this case, the pro rata share of each investor participating in such investment will be increased accordingly and may represent a materially greater share in such investment (and associated expenses) than such investor's capital commitments represent of aggregate capital commitments to the Fund, which may result in an increased exposure to the risk of loss by such participating investor.

Drawdowns of Capital Commitments. Capital calls will be issued by the Adviser or its affiliate from time to time at their discretion, based upon their assessment of the needs and opportunities of the Fund. To satisfy such capital calls, investors may need to maintain a substantial portion of their commitment in assets that can be readily converted to cash. Except as specifically set forth in the Fund's operating agreement, each investor's obligation to satisfy capital calls will be unconditional. An investor's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Fund or upon any assessment thereof provided by the Adviser or its affiliate. Notwithstanding the foregoing, the Adviser or its affiliate will not be obligated to call 100% of any investor's commitment during the Fund's term.

Recycling; Reinvestment. During the commitment period, the Adviser or its affiliate have the right to generally recall (or retain) an amount up to the capital contributions with respect to any investment that has been disposed of within 18 months after the date such investment was made. Accordingly, to the extent such recalled or retained amounts are reinvested in investments, an investor will remain subject to investment and other risks associated with such investments.

Distributions In-Kind. It is possible that not all investments will be realized by the end of the Fund's term. In that case, in the Adviser's or its affiliate's sole and absolute discretion, there may be in-kind distributions by the Fund of securities or instruments, which may be illiquid. There can be no assurance that investors will be able to dispose of such securities or instruments or that the fair value of such securities or instruments determined by the Adviser for purposes of the determination of distributions and the calculation of the General Partner's Carried Interest ultimately will be realized. In addition, if the Fund receives distributions in-kind from any investment, it may incur additional costs and risks in connection with the disposition of such assets.

Removal of the General Partner; Cancellation of Commitment Period; Early Termination of the Fund. If, pursuant to and in accordance with the terms of the Fund's operating agreement, the General Partner of the Fund is removed by the investors and a replacement general partner is appointed, the Adviser will cease to be involved in the management or control of the business of the Fund. Therefore, there can be no certainty regarding the Fund's ability to consummate investment opportunities thereafter. Similar risks exist if the commitment period is cancelled earlier than anticipated pursuant to the terms of the Fund's operating agreement. Moreover, it is possible that the Fund may be dissolved and terminated prior to the expiration of its stated term, and as a result, may not be able to accomplish its objectives and may be required to dispose of its investments at a disadvantageous time or make an in-kind distribution (resulting in investors not having their capital invested and/or deployed in the manner originally contemplated).

Public Disclosure. Some of the interests in the Fund may be held by investors, such as public pension plans and listed investment vehicles, which are subject to public disclosure requirements.

The amount of information about their investments that is required to be disclosed has increased in recent years, and that trend may continue. To the extent that disclosure of confidential information relating to the Fund or its portfolio companies results from interests in the Fund being held by public investors, the Fund may be adversely affected. The Adviser or its affiliate may, in order to prevent any such potential disclosure, withhold information otherwise to be provided to such public investors. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in the Adviser and/or the Fund becoming subject to additional disclosure requirements, the specific nature of which is as yet uncertain.

Limited Access to Information. Investors' rights to information regarding the Fund will be specified, and strictly limited, in the Fund's operating agreement. In particular, it is anticipated that the Adviser or its affiliate will obtain certain types of material information from investments that will not be disclosed to investors because such disclosure is prohibited for contractual, legal or similar obligations outside of the Adviser's control. Decisions by the Adviser or its affiliate to withhold information may have adverse consequences for investors in a variety of circumstances. For example, an investor that seeks to transfer its interest in the Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information also may make it difficult for an investor to monitor the Adviser and its performance. Additionally, it is expected that investors who designate representatives to participate on the advisory committee may, by virtue of such participation, have more information about the Fund and investments than other investors generally and may be disseminated information in advance of communication to other investors generally.

Amendments. The Fund's operating agreement may be amended from time to time generally with the consent of the General Partner and 66-2/3% of the investors, subject to certain exceptions set forth in the Fund's operating agreement. The Fund's operating agreement sets forth certain other procedures for its amendment, including provisions allowing the General Partner to amend the the Fund's operating agreement without the consent of the investors in certain circumstances. For example, the General Partner may amend the Fund's operating agreement from time to time, without consent of the investors, in order to address changes in regulatory or tax legislation affecting the Fund, including by reorganizing and/or reconstituting the Fund if necessary, provided that any such amendment would not add to the obligations of any investor or otherwise alter any of the rights of such investor, or have a material adverse effect on such investor, without such investor's consent. These permitted changes may negatively impact some or all of the investors.

Material Non-Public Information. By reason of their responsibilities in connection with their permitted other activities, the Adviser and its affiliates may acquire confidential or material non-public information and therefore be restricted from initiating transactions in certain securities on behalf of the Fund and/or on behalf of other funds or accounts. It should also be noted that if a portfolio company (or a portfolio company of the Adviser's other investment fund or account) acquires confidential or material non-public information and is therefore restricted from initiating transactions in certain securities, then the Fund may also be restricted. Disclosure of such information to the Adviser's or its affiliate's personnel responsible for the affairs of the Fund will be on a need-to-know basis only, and the Fund may not be free to act upon any such information. Due to these restrictions, the Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Conversely, the Fund may not have access to material non-public information in the possession of the Adviser which might be relevant to an investment decision to be made by the Fund, and the Fund may initiate a transaction or sell an investment which, if such information had been known

to it, may not have been undertaken. The Fund's investment flexibility may be constrained as a consequence of this inability to use such non-public information for investment purposes.

General Tax Considerations. An investment in the Fund may involve complex tax considerations that will differ for each investor, and there may be delays in distributing important tax information to investors (including the distribution of U.S. Schedule K-1s or their equivalent). The Fund may be subject to income and/or withholding taxes and tax return filing obligations in various jurisdictions in which it conducts investment activities. The rate of any withholding taxes and the creditability of such foreign taxes may depend on the facts and circumstances relating to the particular investment and may differ for each investment.

The Fund may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should the U.S. Internal Revenue Service ("IRS") successfully challenge any such positions, an investor or the Fund might be found to have a different tax liability for that year than that reported on his, her or its federal income tax return. For instance, the IRS could contend that the break-up, transaction and similar fees that reduce management fees are income of the Fund, and is "unrelated business taxable income" as defined in Section 512 of the Code ("UBTI") in the hands of an investor that is exempt from federal income tax under Section 501(a) of the Code (a "Tax Exempt Investor") or is effectively connected with a U.S. trade or business ("ECI") or is subject to withholding tax to investors who are foreign taxpayers as to the United States, such as most nonresident aliens, foreign corporations, foreign institutional investors and foreign trusts and estates and who are not otherwise subject to tax in the United States ("Foreign Investors").

Similarly, the Adviser expects to borrow funds, directly or indirectly, including to make investments in portfolio companies, and to the extent the Fund borrows or is deemed to borrow for U.S. federal income tax purposes, may hold debt-financed property that may produce UBTI for a Tax Exempt Investor.

In addition, the Adviser may invest in certain flow-through entities for U.S. federal income tax purposes that could potentially result in the Fund being treated as engaged in a U.S. trade or business (and thus generate ECI).

Potential investors are strongly urged to consult their own tax advisors.

Tax Returns and Audits. Under current law, the Fund and any alternative investment vehicles and other partnerships for U.S. federal income tax purposes in which the Fund or investors invest (each, a "Pass Through Entity") may be required to file a tax return with the IRS. If the tax returns of a Pass Through Entity are audited by the IRS, the U.S. tax treatment of the Pass Through Entity's income and deductions generally is determined at the Pass Through Entity level and U.S. tax deficiencies arising from the audit, if any, are paid directly or indirectly by the partners in the Pass Through Entity, including the investors, who were partners for U.S. tax purposes in the year subject to the audit.

The Bipartisan Budget Act of 2015 contains provisions that will replace the existing rules governing how the IRS audits partnership tax returns and collects additional U.S. federal income tax. The new rules will generally apply beginning with a partnership's 2018 tax returns. Under the new rules, a Pass Through Entity may be liable as an entity for U.S. federal income taxes resulting from an adjustment to such a Pass Through Entity's income pursuant to an IRS audit, unless the Pass Through Entity is permitted under the new rules (and chooses to) make an affirmative election that requires each of the partners (including, potentially, its partners that are Pass Through Entities) to bear direct liability for taxes, if any, on its share of such income.

Under the rules, the investors, in the aggregate, could indirectly bear more of such taxes than if the Pass Through Entity had made the election, and a given investor may indirectly bear such taxes attributable to income allocable to other investors or to prior investors, including income arising in periods prior to such investor's investment in the Pass Through Entity. In addition, the push out election may not be favorable to all investors.

The extent to which a Pass Through Entity will be able to mitigate the operation of the general rule is highly uncertain and may depend upon future regulatory guidance and amendments to the legislation.

Tax Uncertainty. The Adviser may invest in jurisdictions in which the tax treatment of the Fund and the taxation of its activities or income are uncertain. Similarly, tax authorities may change (including retroactively) their interpretations or enforcement approach to the applicable tax rules.

Depending on the interpretation or enforcement of the relevant tax rules by a tax authority or a counterparty, an investor may be required to provide more information to the Adviser or a tax authority than was originally required or to file a tax return with the authority. In addition, if a tax authority prevails in a reassessment, the Fund may need to take reserves or require investors to return some of the proceeds received from prior distributions to satisfy these reassessments.

Furthermore, there is an ongoing project (Base Erosion and Profit Shifting, or "BEPS") among G-20 countries to develop rules to align international tax standards and ensure that income is subject to tax at least once. A final set of recommendations was released in 2015 (some of which are subject to further recommendations from the working parties), but ultimately any such recommendations would have to be implemented through domestic legislation or via bilateral tax treaties. Similar types of measures not formally connected through the BEPS reports may also be introduced at the level of individual countries or through multilateral groups.

The details and scope of any operative rules (including when and whether issued) are therefore unclear, but it is possible that they may increase the amount of taxes borne by investors including by denying the availability of treaty benefits for the Fund and/or the investors or by increasing taxes payable by portfolio investments. In addition, any such rules may significantly impact the tax liability incurred by the Fund and any alternative investment vehicles through which the Fund invests, or may require additional information reporting. The Adviser may cause the Fund and possibly alternative investment vehicles to restructure in order to comply with (or mitigate the application of) any such rules, but no assurances can be provided that such efforts will be successful.

Information Reporting Requirements. Many countries have significantly increased their information reporting regimes over the past few years. For instance, under the U.S. tax rules known as FATCA, in order to avoid the imposition of a 30% U.S. withholding tax on the gross amount of certain payments made to or by the Fund, investors may be required to provide the Fund or withholding agents with information concerning their nationality, residence, identity or beneficial owners. In addition, as part of the BEPS project (discussed above), the OECD has developed a Common Reporting Standard (the "CRS") that requires extensive information reporting. Jurisdictions in which the Fund may invest, or in which alternative investment vehicles may be organized, have adopted CRS. Pursuant to legislation, regulations and other guidance implementing CRS in each participating jurisdiction, the Fund may be required to identify, and report information in respect of, specified persons who are resident in jurisdictions which sign and implement CRS. As a result, investors may be required to provide additional information to the Adviser for purposes of complying with these rules and this information will be disclosed to various governmental authorities.

Prospective investors are encouraged to consult with their own tax advisers regarding the possible implications of these regimes on their investment in the Fund.

To the extent an investor (or the intermediaries through which such investor receives payments) fails to comply with such reporting regimes and thereby exposes the Fund to a significant tax or compliance burden, the Adviser or its affiliate may organize an alternative investment vehicle and transfer such investor's commitments to such alternative investment vehicle or may exclude such investor from the Fund.

Risks from Provision of Managerial Assistance. Because of its equity ownership, representation on the board of directors and/or contractual rights (if applicable), the Fund could be considered to control, participate in the management of or influence substantially the conduct of portfolio companies. The designation of the Adviser's professionals and/or senior advisors as directors and 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 other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, the Fund may suffer a significant loss, exposing the assets of the Fund to claims by a portfolio company, its other security holders, its creditors or governmental agencies, which may exceed the value of the Fund's initial investment in that portfolio company. While the Adviser intends to reduce exposure to these risks to the extent practicable, the possibility of successful claims cannot be precluded.

The Adviser will use reasonable best efforts to structure the Fund so that the assets of the Fund do not constitute "plan assets" of any plan subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") and may, in this regard, elect to operate the Fund as a "venture capital operating company" ("VCOC") within the meaning of the Plan Asset Provisions. Operating the Fund as a VCOC would require that the Fund obtain rights to substantially participate in or influence the conduct of the management of a number of the Fund's portfolio companies, including, where appropriate, the right to designate a director to serve on the board of directors of one or more portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Fund to the risks described in the preceding paragraph.

In addition, the provision of managerial assistance to a portfolio company could result in the Fund being characterized as a "trade or business" for purposes of ERISA controlled group liability, and, in cases where the Fund has a significant ownership interest (generally 80% or more) in such portfolio company, there is a potential risk that the Fund and any portfolio company could be subject to controlled group liability under ERISA. These liabilities generally include funding obligations to single-employer pension plans and withdrawal liability from union-sponsored multiemployer pension plans. In July 2013, the U.S. Federal Court of Appeals for the First Circuit held that the portfolio company management activities of a private equity fund could cause the fund to be regarded for ERISA controlled group liability purposes as engaging in a "trade or business" (the "2013 Sun Capital Case"). Further, in March 2016, the District Court for the District of Massachusetts held that affiliated private equity funds investing in the same portfolio company may form a "partnership-in-fact." The District Court found that the affiliated funds forming the de facto partnership would be subject to controlled group liability if the funds together held 80% or more of the portfolio company in question (together with the 2013 Sun Capital Case, the "Sun Capital Cases"). Although the extent of the impact of the holdings in the Sun Capital Cases is unclear, the possibility of trade or business characterization remains a risk for the Fund and private equity funds generally, especially in the First Circuit. Furthermore, the ownership interest of the

Fund in some or all of its portfolio companies could be sufficient to create a controlled group relationship, especially if the ownership interests of related and/or parallel funds are aggregated when applying the controlled group ownership tests. Although many practitioners believe that such aggregation should not be required, there is some risk that a court might find otherwise, especially in the District of Massachusetts. To the extent relevant, the Adviser currently intends to take the position that the Funds will not be engaged in a trade or business for ERISA controlled group liability purposes, that related and/or parallel funds will not have formed a de facto partnership and that ownership interests of any such related and/or parallel funds are not to be aggregated when applying the controlled group ownership tests.

ERISA Considerations. Investment in the Funds will generally be open to institutions including pension plans and other entities subject to ERISA or Section 4975 of the Code, although the Adviser will limit investment by these entities as described below. The Adviser will require certain representations or assurances from investors to determine compliance with ERISA.

If the Fund is operated to qualify as a VCOC in order to avoid holding “plan assets” within the meaning of ERISA, the Fund may be restricted or precluded from making or disposing of certain investments and may be subject to limitations in the manner or structure by which the Fund acquires or holds certain investments. In addition, it could be necessary for the Adviser or its affiliate to liquidate Fund investments at a disadvantageous time in order to avoid holding ERISA “plan assets,” resulting in lower proceeds to the Fund than might have been the case without the need to qualify as a VCOC.

Legal, Tax and Regulatory Risks; Litigation. Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financings for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to the risks involved in such transactions.

In addition, there have been significant legislative developments affecting the private equity industry. On July 21, 2010, then President Obama signed into law the Dodd-Frank Act. This comprehensive reform of the United States’ financial regulatory system, among other things, requires registration with the SEC of advisers to private equity funds whose assets under management exceed \$150 million (with certain limited exceptions) and imposes reporting and recordkeeping obligations with respect to the private equity funds they advise. A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) to financial institutions that were not previously subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act defines a “nonbank financial company” as a company that is substantially engaged in activities that are financial in nature and provides the Federal Reserve with the authority to determine which of such companies are “significant.” The Financial Stability Oversight Council (an interagency body to be created to monitor and address systemic risk) has the authority to subject such a company to regulation by the Federal Reserve (including capital, leverage and liquidity regulation) if the Financial Stability Oversight Council determines that material financial distress at the company would pose a threat to the financial stability of the United States. The Dodd-Frank Act does not contain any minimum size requirements for such a designation and it is possible that it could be applied to large private funds, particularly large, highly leveraged hedge funds. The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity and hedge funds and other provisions that will affect the private equity industry, either directly or indirectly. For example, the Dodd-Frank Act included the addition of a new

Section 13 of the Bank Holding Company Act of 1956 and a new Section 27B of the Securities Act of 1933 (the “Volcker Rule”). Subject to certain exceptions, the Volcker Rule prohibits any “banking entity” (generally defined as any insured bank or thrift and any bank holding company) from engaging in proprietary trading, or sponsoring or investing in a hedge fund or private equity fund. Importantly, it also requires systemically important nonbank financial companies to carry additional capital and comply with certain other quantitative limits on such activities, although such entities are not expressly prohibited from engaging in proprietary trading or sponsoring or investing in hedge funds or private equity funds. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private equity industry generally and/or on the Adviser or the Funds, specifically. Therefore, there can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on the Adviser or otherwise impede the Fund’s activities.

While the Adviser will be registered under the U.S. Investment Advisers Act of 1940 (as amended, “Advisers Act”), the enactment of these reforms and/or other similar legislation could nonetheless have an adverse effect on the private investment funds industry generally and on the Adviser and/or the Funds specifically, and may impede the Adviser’s ability to effectively achieve its investment objectives.

Position Limits. The Dodd-Frank Act significantly expanded the scope of the CFTC’s authority and obligation to require reporting of, and adopt limits on, the size of positions that market participants may own or control in commodity futures and futures options contracts and swaps. The Dodd-Frank Act also narrowed existing exemptions from such position limits for a broad range of risk management transactions.

The Dodd-Frank Act requires the CFTC to establish, and the CFTC has proposed but not yet adopted, additional:

- speculative position limits on additional listed futures and options on physical commodities and economically equivalent OTC derivatives;
- position limits applicable to swaps that are economically equivalent to U.S. listed futures and futures options contracts, including contracts on non-physical commodities, such as rates, currencies, equities and credit default swaps; and
- aggregate position limits for a broad range of derivatives contracts based on the same underlying commodity, including swaps and futures and futures options contracts.

A person (including the Adviser, its affiliates, and the Fund) is generally required to aggregate positions it owns or controls (including held indirectly through entities in which a person has a 10% or greater ownership interest) for purposes of current and proposed position limits, subject to certain exemptions for, among other things, independently traded positions.

The Adviser does not know the full impact of these recent changes at this time. Individually and collectively, current and proposed position limits and associated aggregation requirements could increase the costs to the Fund of maintaining positions in commodity futures and futures option contracts and swaps and reduce the level of exposure the Fund is able to obtain (whether for risk management or investment purposes) through commodity futures and futures option contracts and swaps. These requirements could also impair liquidity in certain swaps and adversely affect the quality of execution pricing obtained by the Fund, all of which could adversely impact the Fund’s investment returns.

Acts of God; Availability of Insurance Against Certain Catastrophic Losses. The Fund's investments may be susceptible to the effects of "Acts of God," including earthquakes, floods, hurricanes, tropical storms, fires or other natural disasters, electricity shortages or other similar national or local emergencies, that are beyond the control of the Adviser and not easily foreseeable. Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, severe weather, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain coverage would cause an adverse impact on the related investments. In general, losses related to terrorism can be hard and expensive to insure against. Some insurers are excluding terrorism coverage from their all risks policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, the Fund could lose both anticipated profits from and invested capital in the affected investments.

Legal Representation. Cleary Gottlieb Steen & Hamilton LLP (the "Fund Counsel") represents the Adviser from time to time in a variety of different matters. Fund Counsel may also act as counsel to a portfolio company, equity sponsors of a portfolio company, other creditors of a portfolio company or an agent therefor, a party seeking to acquire some or all of the assets or equity of a portfolio company, or a person engaged in litigation with a portfolio company. It is not anticipated that the Fund will engage separate outside counsel in connection with its organization or operation. Furthermore, the Fund Counsel will not represent any investor in connection with the Fund, absent an express agreement to the contrary with such investor. Representation by the Fund Counsel of the Fund, the General Partner and their affiliates is limited to specific matters as to which they have been consulted by such persons. There may exist other matters which could have a bearing on the Fund, the General Partner and/or their affiliates as to which Fund Counsel have not been consulted. In addition, the Fund Counsel do not undertake to monitor the compliance of the Adviser, the General Partner, and their affiliates with the investment program, valuation procedures and other guidelines and terms set forth in the offering documents, nor do the Fund Counsel monitor compliance with applicable laws. Prospective investors should seek their own legal, tax and financial advice before making an investment in the Fund.

Conflicts of Interests

The Adviser and its affiliates may engage in a broad range of activities, including pursuing investments for the Funds, potential other Adviser's funds and accounts and providing investment advisory and other related services to these funds and their portfolio companies.

The following discussion describes certain of these actual, potential or apparent conflicts of interest and how the Adviser intends to manage them. Investors should carefully evaluate these considerations before making an investment in the Fund. The Adviser urges investors to review and consider this discussion carefully before making an investment decision.

This summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact-intensive, and it is not possible to foresee every conflict of interest that may arise during the Fund's term. In particular, the Adviser may in the future identify additional conflicts of interest that currently are not apparent to it or the broader private equity industry, as well as conflicts of interest that arise or increase in materiality as the Adviser develops new investment platforms or business lines and otherwise adapts to dynamic markets and an evolving regulatory environment. To the extent the Adviser identifies conflicts of interest in the future, it may, but assumes no obligation to, disclose

these conflicts and their implications to investors through a variety of channels, including on Form ADV, which the Adviser expects to file on a yearly basis with the U.S. Securities and Exchange Commission, or in other written or oral communications to the investors advisory committee or investors more generally.

Investors should note that the Fund's operating agreement contains provisions that, subject to applicable law, reduce or modify the duties, including fiduciary and other duties, to the Fund and the investors to which the Adviser and its affiliates would otherwise be subject, provisions that waive or consent to conduct on the part of the Adviser and its affiliates that might not otherwise be permitted pursuant to such duties, and provisions that limit the remedies of investors with respect to breaches of such duties.

If any matter arises that the Adviser determines in its good faith judgment constitutes an actual conflict of interest, the Adviser may take such actions as may be necessary or appropriate, within the context of the Fund's operating agreement, to ameliorate the conflict (and upon taking such actions the Adviser will be relieved of any responsibility for such conflict). These actions may include disposing of the security giving rise to the conflict of interest or appointing an independent fiduciary. By acquiring an interest in the Fund, each investor will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest. The resolution of any conflict will depend entirely on the exercise of discretion in light of the relevant facts and circumstances at the time, including the immediate and long-term interests of the relevant parties. The specific weight ascribed to each of the relevant factors is a subjective judgment about which reasonable people may differ, and such judgments will remain in the Adviser's complete discretion.

Carried Interest. The Carried Interest may create an incentive for the General Partner to make riskier or more speculative investments on behalf of the Fund than would be the case in the absence of this arrangement, although the Adviser's commitment of capital to the Fund should somewhat reduce this incentive. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property as determined by the General Partner in accordance with procedures set forth in the Fund's operating agreement. An independent appraisal generally will not be required and is not expected to be obtained.

Other Fees. The Adviser and its affiliates may receive cash and non-cash acquisition and disposition fees, directors' fees, financial consulting fees, advisory fees, monitoring fees, and similar fees earned on or relating to the making, disposition or management of investments. Net proceeds attributable to such fees earned by the General Partner in respect of the Fund's allocable portion of investments (consummated or unconsummated) will be retained by the General Partner, and 100% of such amounts will reduce the Management Fees paid or to be paid in the current year by the Fund or, to the extent such amounts exceed the Management Fees paid or to be paid, will be carried forward to offset future Management Fees.

Other Activities of Management. During the commitment period, the key persons will devote substantially all of their business time to the management and affairs of the Adviser and a substantial majority of their business time to the management and affairs of the Fund and any subsequent fund. Following the commitment period, the key persons will devote to the Fund such business time and attention as is reasonably necessary to manage and dispose of investments in a reasonably prudent manner. The Adviser personnel, including the key persons, may work on other projects, including existing portfolio companies of the Adviser or its affiliates as well as any

follow-on opportunities in such portfolio companies and, therefore, conflicts may arise in the allocation of management resources.

Allocation of Investment Opportunities with Other Vehicles and Conflicting Fiduciary Duties to Other Collective Investment Vehicles. The Fund's investment objectives may overlap with those of the other Adviser's funds that the Adviser may form in the future. The Fund's operating agreement generally bars the Adviser until the end of the commitment period (which in general is the five-year period commencing on the Fund's initial closing date), or until the Fund has invested or entered into a legally binding commitment to invest 75% of its capital commitments, from acting as sponsor of, manager of, advisor to, or the primary source of transactions for other investment funds the principal investment focus of which is substantially the same as that of the Fund. Aside from this limitation, the Fund's operating agreement generally does not curtail the ability of the Adviser to create successor funds, as well as separate accounts or other investment funds or vehicles relating or complementary to its existing platforms or new investment strategies and platforms.

The Adviser will, from time to time, be presented with investment opportunities that fall within the investment objective of the Fund and other Adviser's investment funds or managed accounts, and in such circumstances, and subject to restrictions in the Fund's operating agreement, the Adviser will allocate such opportunities among the Fund and such other Adviser's funds on a basis that the Adviser reasonably determines in good faith to be fair and reasonable taking into account the sourcing of the transaction, the nature of the investment focus of each such other Adviser's investment fund, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals, any requirements contained in the operating agreements of such other Adviser's funds and other considerations deemed relevant by the Adviser in good faith. The Fund may make investments in geographic regions in which other Adviser's investment funds may be specifically organized to invest.

Activities and Compensation of Other Third Parties. The Adviser expects to retain third parties, such as accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons and consultants, to provide services to the Fund. These services may relate to sourcing, conducting due diligence on or developing potential investments, as well as structuring, managing, monitoring and disposing of investments. In some cases, these will be the types of services that employees of the Adviser could also provide. Determining whether to engage a third party or an Adviser's employee gives rise to conflicts of interest because the Fund may bear the compensation costs of the Adviser employees who render these services, with the exception of compensation costs related to certain in-house services reimbursed to the Adviser under the Fund's operating agreement, while amounts paid to third parties are typically a Fund expense ultimately borne by all investors. The Adviser therefore has an incentive to retain third parties rather than hire additional Adviser employees and to outsource to third-party service providers functions that the Adviser employees could perform or have previously performed.

Diverse investor Group. The investors may have conflicting investment, tax, regulatory and other interests with respect to their investments in the Fund. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by the Adviser, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser or the General Partner, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor; especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate

for the Fund, the Adviser and the General Partner will consider the investment and tax objectives of the Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually. As a consequence of the foregoing, the Adviser may elect to exclude certain investors from particular investments for legal or regulatory reasons applicable to any such investment, in which case non-excluded investors may be allocated a greater proportionate interest in such investment.

The Adviser or its affiliate may enter into a side letter or other similar agreement with a particular investor with respect to the Fund without the approval of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of the Fund's operating agreement with respect to such investor in a manner more favorable to such investor than those applicable to other investors. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments), (ii) the Adviser's agreement to extend certain information rights or additional reporting to such investor, including, without limitation, to accommodate special regulatory or other circumstances of such investor, (iii) modification of the confidentiality obligations of such investor, (iv) the Adviser's agreement to consent to certain transfers by such investor or other exercises by the Adviser of its discretionary authority under the Fund's operating agreement for the benefit of such investor, (v) restrictions on, or special rights of such investor with respect to the activities of the Adviser, (vi) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such investor, (vii) additional obligations, and restrictions of the Adviser with respect to the structuring of any portfolio investment (including with respect to alternative investment vehicles) or (viii) certain adjustments with respect to certain economic provisions. Any rights or terms so established in a side letter with an investor will govern solely with respect to such investor and will not require the approval of any other investor.

Certain investors will have representatives on the investors advisory committee. The investors advisory committee will have a role in certain matters regarding the Fund, including with respect to certain conflicts of interest, in each case as provided in the Fund's operating agreement. Members of the investors advisory committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. The presence of these other relationships may influence their decisions as members of such committee.

Service Providers. The service providers or their affiliates (including any administrators, lenders, brokers, attorneys, consultants and investment banking firms) of the Fund, the Adviser or any of their affiliates may be investors in the Fund and/or sources of investment opportunities and co-investors or counterparties therewith. This may influence the Adviser or its affiliate in deciding whether to select such a service provider or have other relationships with the Adviser. Notwithstanding the foregoing, investment transactions for the Fund that require the use of a service provider, will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that the Adviser believes to be of benefit to the Fund. Moreover, certain service providers (or their affiliates, including project developers, lenders, brokers, attorneys, consultants and investment banking firms) to the Fund and its portfolio companies may also provide services to or have other relationships with the Adviser. These other services and relationships may influence the Adviser in deciding whether to select such a provider to perform services for the Fund and its portfolio companies (the cost of which will generally be born directly or indirectly by the Fund).

In-House Services. The Fund is responsible, either directly or by reimbursing the Adviser, for the fees, costs and other expenses related to certain legal, regulatory, tax, accounting, information technology, administration and similar services provided by the Adviser or an affiliate to or for the benefit of the Fund (including an allocable portion of personnel and related overhead expenses) if:

- the fees, costs and other expenses of these services would be paid by the Fund if the services were provided by third-party service providers;
- the Adviser reasonably believes it is in the Fund's best interests to have in-house personnel perform such services; and
- the costs of providing such services in-house are no more than the amount that would be charged by a third party in an arm's-length transaction.

Occasionally, whether a service meets the criteria for reimbursement from the Fund may not be clear. In such circumstances, the Adviser will determine in its sole discretion whether reimbursement is appropriate.

Portfolio Company Relationships. The Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Adviser's funds or investment vehicles that, although the Adviser determines to be consistent with the requirements of the Fund's operating agreement, may not have otherwise been entered into but for the affiliation with the Adviser, and which may involve fees and/or payments for goods and services to such other portfolio companies which are not subject to management fee offset.

Rates of Third-Party Advisors and Other Service Provider. The Fund and its portfolio companies will retain or pay for advisors and service providers, including accountants, administrators, lenders, bankers, brokers, attorneys, sourcing persons and consultants. Some of these advisors and service providers may also provide services to or have other relationships with the Adviser. While the Adviser will generally seek to engage advisors and service providers on behalf of the Fund and its portfolio companies on the basis of the quality of the advice and other services provided, these relationships may influence its decision to select or recommend an advisor or service provider to perform services for the Fund or its portfolio companies (the cost of which will generally be borne directly or indirectly by the Fund or its portfolio companies, as applicable). In certain circumstances, advisors and other service providers may charge rates or establish other terms for advice and services provided to the Adviser, Adviser's funds or any of their respective affiliates or portfolio companies that are different from and more favorable than those charged in respect of advice and services provided to the Fund and its portfolio companies. Moreover, whereas the Adviser expects to negotiate on a matter-specific basis the rates or amounts payable for such services, the Fund or its portfolio companies may sometimes pay higher rates or amounts than the Adviser would for such services.

Large Investor Considerations. The Adviser expects certain investors to make significant capital commitments to the Fund. As a result, an individual investor may represent 50% or more of the aggregate capital commitments to the Fund. If any such investor defaults on or is excused or excluded from any investment, the Adviser expects that it will need to call more capital from the other investors and/or that the amount of capital available for investment by the Fund will be significantly smaller than anticipated, in which case the Fund would be required to make smaller investments or a smaller number of investments than initially anticipated. As a result, certain investment opportunities would no longer be available to the Fund and/or the Fund may

invest on less favorable terms than initially anticipated. Although the Adviser will not generally consider the interests of any individual investor in selecting, structuring and managing investments, its consideration of the Fund's interest will necessarily take into account the ability of significant investors to contribute to particular transactions. Such large investors may have different legal, tax or regulatory concerns than other investors and, as a result, the Adviser will have an incentive to structure or allocate potential investments in a manner that satisfies the concerns of these large investors to the detriment of other investors.

In addition, investors who make significant capital commitments to the Fund will have significant voting power with respect to matters put to a vote of the investors and the investors advisory committee, and such investors may vote in a manner that is adverse to the interests of other investors and/or the Fund.

Allocation of Co-Investment Opportunities. From time to time, the Adviser will have the option to offer investors or third parties (including investors in other Adviser's funds) the opportunity to invest alongside the Fund, or "co-invest," in an investment the Fund is making. With respect to investors, the situation generally arises when the amount of equity capital necessary to complete a transaction exceeds the amount that the Adviser determines is appropriate for the Fund, after taking into account additional capital to be contributed by other Adviser's funds and any co-underwriters, co-sponsors, advisors (and the funds they manage), and other parties or consultants that assisted in sourcing or completing the transaction or provide other strategic value.

The Adviser has complete discretion to determine to whom the Adviser will offer and award co-investment opportunities. In particular, the Adviser may give co-investment opportunities to employees of the Adviser, investors, investors in other Adviser's funds, consultants, advisors, strategic partners or other third parties.

The Adviser is under no obligation to offer to investors any co-investment opportunities. The Adviser is permitted to offer co-investment opportunities to some investors but not all of them. Allocations of co-investment opportunities between investors generally will not correspond to their pro rata interests in the Fund. Non-binding acknowledgements of interest in co-investment opportunities do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

While the criteria the Adviser uses in making discretionary co-investment decisions vary from opportunity to opportunity, the most important factors are:

- certainty of funding — that is, whether the potential co-investor has the financial resources to provide the requisite capital in a timely fashion;
- certainty of execution — that is, the sophistication and experience of the potential co-investor and its ability to promptly respond to and complete a co-investment opportunity;
- any contractual obligations to provide co-investment opportunities;
- the size of the potential co-investor's commitment to the Fund (or other Adviser's funds) and the anticipated importance of the potential co-investor to Adviser's future fundraising campaigns;
- the ability of the potential co-investor to make a meaningful contribution to the transaction, such as in sourcing or completing the transaction or providing operational skills or insight; and

- the overall strategic benefit to the transaction, the Fund or the Adviser of offering a co-investment opportunity to the potential co-investor.

Other criteria that will from time to time be relevant include:

- the expertise of the potential co-investor with respect to the geographic location or business activities or industry of the prospective target company;
- the investment objectives and existing portfolio of the potential co-investor;
- the legal or regulatory constraints to which the proposed investment is expected to give rise;
- the reporting, public relations, competitive, confidentiality or other issues that may also arise as a result of the co-investment; and
- any other facts or circumstances that the Adviser deems appropriate or relevant.

The Adviser expects that these factors will lead it to favor some potential co-investors over others with respect to the frequency with which it offers them co-investment opportunities. These factors may also result in certain co-investors being allocated a greater proportion of an investment opportunity than others.

The Fund's operating agreements permit the Adviser to offer employees and other affiliated personnel the opportunity to co-invest in a portfolio company. The exercise of these co-investment rights will limit the size of investment opportunities available to the Fund and the amount of co-investment opportunities available to other potential co-investors. The Adviser would also expect the future formation by it of other funds (including industry- or geography-focused side funds) to reduce the amount of co-investment opportunities available to investors.

Co-investments will not necessarily be made on the same terms as the Fund's investment in the portfolio company. For example, co-investors generally pay no management fees or carried interest in connection with the co-investment, or pay them at a lower rate than the Fund. The portfolio fees received by the Adviser in respect of a co-investor's allocable pro rata portion of an investment will not offset the Management Fees the Fund pays the Adviser. Co-investors may also acquire their interest in the portfolio company at the same time as the Fund or purchase their interest from the Fund after the Fund has consummated the full investment. In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which the Fund is subject throughout the investment process. When co-investors purchase their interest from the Fund after the Fund has consummated the investment, the price paid by co-investors is determined by the Adviser or its affiliate in its sole discretion and may not reflect the full cost incurred by the Fund in connection with the investment or the risk borne by the Fund in connection with purchasing and warehousing the investment.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment. Prospective Clients and Client investors should read applicable governing documents carefully and consult with their own advisors before deciding to invest.

C. See Item 8.B. above.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to client's evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. In connection with sponsoring any Fund, the Adviser will also form an affiliated general partner for such Fund, which general partner will receive a carried interest. Other than these affiliated general partners entities, the Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to its clients. Investors in each Client are advised to review the relevant Client's Offering Documents for more extensive descriptions of the risks of investing in the Client and the required procedures for resolving conflicts of interest.
- D. Generally, the Adviser does not recommend or select other investment advisers for its Clients.

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

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material non-public information. Thus, all professionals are deemed to be in receipt of material non-public information, in all instances where any professional of the Adviser has received material non-public information and, therefore, such professionals may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Neither the Adviser nor any of its related persons recommend to Clients investments in which the Adviser or any related persons have a material financial interest.

Fund investors are provided with disclosure related to conflicts of interest in the Fund’s Offering Documents prior to making capital commitments to the Fund.

Additionally, the Adviser enforces a robust Code of Ethics that generally requires, subject to the terms of a Client’s governing documents, the Adviser and its employees to place the interests of the Clients over their own or those of a related party.

It is critical that Fund investors review the Fund’s Offering Documents for a detailed description of potential conflicts of interest related to an investment in the Fund. The information contained herein is a summary only.

- C. In connection with sponsoring the Fund, the Adviser and certain of its affiliates have an economic interest in the Fund, the General Partner, or both. Any parallel investment vehicles established for Fund investors generally invest alongside the Fund on substantially the same terms and conditions as and substantially at the same time as the investments in such investment by the Fund, and any such investment shall be disposed of on substantially the same terms and conditions of and at substantially the same time as the relevant divestments by the Fund, subject to the conditions and limitations contained the Fund’s operating agreement.

Additionally, as provided in the Fund’s governing documents, the Adviser and certain of its affiliates may co-invest alongside the Fund in a portfolio investment. For more information and certain risk factors with respect to the conflicts that may arise as a result of any co-investment see Item 8 above.

D. See Item 11.C. above.

Item 12 - Brokerage Practices

- A. The Adviser's investment strategy involves making investments for Clients in private-equity style investments. As a result, the Adviser does not routinely select or recommend broker-dealers for the purchase and sales of securities but has the authority to do so. Furthermore, the Adviser does not maintain any trading accounts and does not use "soft" dollars received from broker-dealers for the purchase and sales of securities for its Clients.
- B. Not applicable.

Item 13 - Review of Accounts

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of the portfolio investments of its Clients. In connection therewith, the Adviser conducts periodic reviews of all portfolio company investments held in each Client portfolio. All Adviser investment and operational staff participates in the ongoing monitoring of Client portfolios, although responsibilities vary by individual.
- B. See Item 13.A. above.
- C. The Adviser provides the Funds and Fund investors, if applicable, with written audited annual financial statements, written periodic reports, and other written communications.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to its Clients.

In the future, the Adviser and its affiliates may receive cash and non-cash acquisition and disposition fees, directors' fees, financial consulting fees, advisory fees, monitoring fees, and similar fees earned on or relating to the making, disposition or management of investments. Net proceeds attributable to such fees earned by the General Partner in respect of the Fund's allocable portion of investments (consummated or unconsummated) is retained by the General Partner, and 100% of such amounts reduce the Management Fees paid or to be paid in the current year by the Fund or, to the extent such amounts exceed the Management Fees paid or to be paid, will be carried forward to offset future Management Fees.

- B. The Adviser may, from time to time, enter into an agreement with third-party placement agents. Such agreements provide for compensation to be paid to the placement agent for referring investors to the Adviser's Clients. Under these agreements, the placement agent will typically receive a percentage of the capital commitments attributable to each investor referred depending upon the specific circumstances. In such cases, details of the arrangement will be provided to prospective investors. Such arrangements will be in accordance with all applicable laws and regulations, including Rule 206(4)-3 of the Advisers Act. Compensation of placement agents will be as determined in a written agreement between the Adviser or its affiliate and the placement agent. Subject to the provisions of the applicable Client operating agreement, placement agent compensation will be borne entirely by the Adviser and not by any of its Clients nor by any Fund investor.

Item 15 - Custody

The Adviser is deemed, under Rule 206(4)-2 of the Advisers Act, to have custody of the assets of the Fund by virtue of the common control of the Adviser and the Fund. All assets and securities of the Clients are held by qualified custodians subject to any available exemptions. As noted in Item 13 above, Fund investors receive written annual financial statements audited by an independent public accounting firm. Fund investors are urged to carefully review these statements and reconcile them with any interim reporting that investors may receive from the Adviser.

Item 16 - Investment Discretion

The Adviser's authority to manage Client accounts is in all cases subject to the specific objectives, guidelines, and limitations set forth in the applicable offering and governing documents. The Adviser contractually assumes discretionary authority over the assets of a Fund under an investment management agreement entered into among the Adviser and the Fund.

Item 17 - Voting Client Securities

- A. The Adviser has authority to direct the vote of a Fund on certain issues, subject to the Fund's governing documentation.

If the Adviser is called upon to vote proxies, it will vote such proxies in accordance with the proxy voting policies and procedures in the Adviser's compliance manual. Pursuant to SEC rule 206(4)-6, the Adviser has established policies and procedures to address voting procedures and any conflicts of interests involved in a proxy vote between the Adviser and Clients. The Adviser's proxy voting procedures are designed to ensure that proxies are voted in a manner that is in the best interest of the Clients. The Adviser will generally vote in favor of matters that follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices. The Adviser addresses conflicts of interest involved in a proxy vote through a three-step process of identifying potential conflicts of interest, determining material conflicts, and establishing procedures to address material conflicts. The Adviser may determine not to vote proxies in respect of securities of an issuer if it determines it would be in the Client's overall best interest not to vote. Clients may obtain copies of the Adviser's proxy voting policies by contacting the Chief Compliance Officer.

- B. See Item 17.A. above.

Item 18 - Financial Information

- A. The Adviser does not require or solicit prepayment of any fees greater than six months in advance.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 - Requirements for State-Registered Advisers

The Adviser is an SEC-registered investment adviser. Thus, Item 19 is not applicable.