

GTCR LLC

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Part 2A of Form ADV: Firm Brochure
August 23, 2021

This brochure provides information about the qualifications and business practices of GTCR LLC. If you have any questions about the contents of this brochure, please contact us at (312) 382-2200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about GTCR LLC is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

The Adviser (as defined in Item 4) filed its most recent Form ADV Part 2 on March 30, 2021. This other-than-amendment updates the description of the business of the Adviser and its affiliates.

Recipients of this brochure are encouraged to read it carefully and in its entirety.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means GTCR LLC, a Delaware limited liability company (“GTCR”), together (where the context permits) with certain of its affiliates that serve as general partners (the “General Partners”) to, or that provide advisory services to and/or receive advisory fees from, the Funds (as defined below). Such affiliates may or may not be under common control with GTCR, but possess a substantial identity of personnel and/or equity owners with GTCR. This brochure describes the business practices of GTCR and such affiliates, which together operate as a single advisory business. The Adviser has no principal owners (*i.e.*, owners of over 25%).

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

The Funds primarily seek to make private equity and equity-related investments. Although the primary focus of the Funds is on private equity investments, the Adviser from time to time recommends other types of investments consistent with a respective Fund’s investment strategy and objectives. The Adviser’s advisory services mainly consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments.

The Adviser provides investment advice directly to the Funds and not to investors in the Funds individually. The applicable General Partner of each Fund retains investment discretion, and investors in the Funds do not participate in the control or management of the Funds. The Adviser provides investment advisory services to each Fund in accordance with the investment advisory or investment management agreement (each, an “Advisory Agreement”) for such Fund and/or the offering and organizational or governing documents (collectively, the “organizational documents”) of such Fund. Investment restrictions for the Funds, if any, are generally established in the organizational documents of the applicable Fund.

Additionally, the Adviser has from time to time and expects in the future to offer co-investment or co-bid opportunities to certain investors or other persons. Such opportunities typically involve the investment and disposal of interests in the applicable portfolio company at the same time and on substantially the same terms as the Funds making the investment (except as described herein under Item 11 with respect to post-closing sell-downs).

The Adviser and its predecessors have been in business since 1980. As of June 30, 2021, the Adviser manages a total \$28,070,041,000, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Management Fees and Carried Interest (each as defined below). Fund portfolio companies will, from time to time, also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which offset the Management Fees payable by the applicable Fund. Additionally, consistent with the organizational

documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details regarding these fees and expenses are set forth below.

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

Management Fees

As compensation for investment advisory services rendered to certain Funds, the Adviser and/or certain of its affiliates are entitled to receive from each such Fund a management fee (each, a “Management Fee”). The precise amount of, the manner and calculation of and the manner and timing of payment of the Management Fee for each such Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Advisory Agreement, organizational documents and/or documentation received by each investor prior to investment in such Fund. For certain Funds, Management Fees and other fees and distributions described below are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with investors. Management Fees may differ from one Fund to another and certain Funds may not pay Management Fees.

Certain Funds through which employees, business associates and other “friends and family” of the Adviser or its personnel invest alongside one or more of the Funds (the “Co-Invest Funds”) will not typically pay Management Fees. Notwithstanding that the Co-Invest Funds will not typically pay Management Fees, the Co-Invest Funds will pay for their pro rata share of certain Fund expenses.

If a placement agent is retained in connection with the offer and sale of interests in a Fund to certain potential investors, the Management Fee payable by a Fund generally will be reduced by the amount of fees paid by such Fund to such placement agent, as well as by (1) expenses and fees incurred by the Adviser in connection with the organization of such Fund that exceed a limit specified in such Fund’s organizational documents and (2) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of any such reduction is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. As some Funds do not pay Management Fees, any such reduction will not benefit such Funds.

The Adviser reserves the right to, voluntarily and on a negotiated basis, waive or reduce fees with respect to any investor. Upon termination of an Advisory Agreement and/or other organizational documents of the Funds, Management Fees that have been prepaid, if any, are generally returned on a prorated basis.

Other Fees Payable by Portfolio Companies

The Adviser and its affiliates will, from time to time, perform management, advisory, monitoring, transaction-related, financial advisory and other services for, and receive fees from, portfolio companies or other investment vehicles of the Funds. Such fees received from portfolio companies or other investment vehicles of the Funds often include (a) advisory fees (“Advisory Fees”) and (b) transaction fees in connection with mergers, acquisitions, financings, public offerings, sales

and similar transactions (“Transaction Fees,” and together with Advisory Fees, “Portfolio Company Fees”), in each case pursuant to agreements with portfolio companies of the applicable Funds.

In addition, the Adviser and its affiliates will generally be permitted to receive fees in connection with (i) serving on the board of directors (or similar governing body) of a publicly-traded portfolio company (“Director Fees”); and/or (ii) proposed transactions involving a prospective portfolio company that are not consummated (“Break-Up Fees” and, together with Portfolio Company Fees and Director Fees, “Other Fees”). The amount and timing of Break-Up Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Other Fees may be substantial. Although these Other Fees are in addition to the Management Fees, such fees offset the Management Fees paid by the applicable Fund. Any such reduction of a Fund’s Management Fees will be limited to the extent of such Fund’s proportionate interest in any such portfolio company. As some Funds do not pay Management Fees, any such reduction will not benefit such Funds. The Adviser determines the amounts of Other Fees, if any, in its discretion, subject to negotiations and agreements with portfolio companies and their management teams, lenders and counterparties to potential transactions, as applicable, and the amount of Other Fees often will not (except in connection with the reductions described above) be disclosed to investors in the Funds. In most circumstances, such Other Fees are not reviewed or approved by an independent third party.

Expenses

Fund Expenses

As provided in and subject to the Advisory Agreements and/or organizational documents of each Fund, each Fund generally will bear all fees, costs, expenses, liabilities and obligations relating to such Fund’s (and its subsidiaries’ and intermediate entities’) activities, investments and business (to the extent not borne or reimbursed by a portfolio company or applied to reduce Management Fees), including, without limitation, legal, auditing, asset and financial administration, commercial banking, consulting, expert (including expert networks), financing, financial advisory, mergers and acquisitions advisory, investment banking, structuring, brokerage, finders, insurance (including general partner liability, errors and omissions and representation and warranty liability insurance, and all premiums and charges in connection with the maintenance thereof), travel (including chartered or first-class travel), accounting, appraisal (including the costs of third-party valuation agents or pricing services), depository (including a depository, representative or paying agent appointed pursuant to the Alternative Investment Fund Managers Directive (as implemented in any relevant jurisdiction) or any other similar law, rule or regulation in any relevant jurisdiction) and custodian fees and expenses; fees, costs and expenses associated with the preparation and distribution of Fund financial statements, tax returns, tax estimates and Schedule K-1s (including expenses associated with software, hardware, technology or other systems used for such preparation and distribution); fees and expenses associated with hedging activities and credit facilities; except to the extent determined by the Adviser in its sole discretion, the full amount of any out-of-pocket expenses, break-up or topping fees or other liabilities and obligations incurred in connection with proposed transactions for which the Adviser had selected such Fund as a proposed investor but that are not consummated (“Broken Deal Expenses”); any administrative, regulatory or other Fund-related reporting or filing (including any regulatory, government or

compliance related filings, forms, notifications, reports or other documents as well as the cost of complying with other agreements), including in each case the fees, costs and expenses of any third party service providers and professionals relating to the foregoing; expenses of the Advisory Board and annual meetings of the limited partners; other fees, costs, expenses, liabilities and obligations associated with identifying, investigating, acquiring, holding (including expenses of portfolio tracking and reporting activities and any software, hardware, technology or systems relating to such activities), structuring, organizing, financing, refinancing, restructuring, managing, monitoring, operating, taking public or private, valuing, winding up, liquidating, dissolving and disposing of a Fund's actual and potential investments (whether or not any contemplated transaction or project is consummated) (including interest on money borrowed or guaranteed by or on behalf of a Fund and expenses incurred in connection with finding and/or partnering with executives to do any of the foregoing); extraordinary expenses (such as litigation and indemnification costs and expenses, judgments and settlements, if any); any taxes, fees or other governmental charges levied against such Fund; and such other expenses as set forth in such Fund's organizational documents. To the extent holding or intermediate entities include one or more special purpose acquisition companies ("SPACs"), the relevant Fund(s) will bear the costs of organizing and offering such SPACs.

As described in more detail below, a key component of the Adviser's investment strategy is to seek to find, recruit and partner with management leaders to identify, acquire and build portfolio companies through acquisitions and organic growth. As described in a given Fund's offering memoranda, after recruiting and partnering with a management team to lead a new portfolio company, the Adviser and/or the Funds typically will commit start-up capital to fund the management team's overhead expenses for a period of time ("Start-Up Capital"), typically until the portfolio company completes its first acquisition. Start-Up Capital generally is used to fund the portfolio company's operations, including the management team's compensation, as well as traditional due diligence expenses incurred pursuing acquisition opportunities. In certain cases, a Fund will invest Start-Up Capital in a new portfolio company, but such portfolio company will not have completed an investment towards the end of the investment period and/or capacity of such Fund. In other cases, the Adviser will invest Start-Up Capital in a new portfolio company when an existing Fund is not expected to have investment capacity to consummate an investment opportunity and a subsequent Fund has not been formed or commenced investment activities. In either case, when the Fund or the Adviser, as applicable, sells its interest in such portfolio company to a subsequent Fund, the Fund or the Adviser, as applicable, will seek reimbursement for any Start-Up Capital invested in the portfolio company from the subsequent Fund. Similar transactions may also occur in the future. In such cases, the sale price of such portfolio company will include the amount of any Start-Up Capital funded through the date of sale. Any such sale is consummated after obtaining Advisory Board approval from the applicable Fund(s).

Expense Reimbursement by Portfolio Companies

Consistent with the Funds' Advisory Agreements, organizational documents or other documentation between a portfolio company and the Adviser or any of its affiliates, the Adviser will incur expenses and a portfolio company will reimburse the Adviser for expenses (including without limitation travel expenses, which from time to time include expenses for chartered or first-class travel, lodging, meals and entertainment and similar out-of-pocket expenses) incurred by the Adviser in connection with its performance of services for such portfolio company and such reimbursements are not subject to the offset arrangements described above.

Co-Investment Vehicle Expenses

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors alongside or with a Fund, will be formed in connection with a proposed transaction. If a proposed transaction is consummated, the investors in the co-investment vehicle will typically bear the expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. In the event that a transaction in which a co-investment or co-bid was planned, including a transaction for which a co-investment or co-bid was believed necessary in order to sign or consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not signed or consummated, all or a portion of the Broken Deal Expenses relating to such proposed transaction will be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, and not by some or any potential co-investors or co-bidders (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses), even if a co-investment vehicle was formed for the purpose of making an investment in such proposed transaction. As a general matter, co-investors or co-bidders that have not committed to bear Broken-Deal Expenses will not bear Broken-Deal Expenses, although the Adviser expects that it may nevertheless select certain parties as co-investors or co-bidders despite such party's unwillingness to bear Broken-Deal Expenses. In addition, these co-investment vehicles (even if formed for the purpose of making an investment in such proposed transaction) may not be allocated any share of Break-Up Fees received in connection with such an unconsummated transaction, or certain investors and not others may be allocated a share of Break-Up Fees.

Allocation of Expenses

From time to time, the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser, on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund or expenses may be allocated among multiple Funds and entities. Subject to any relevant restrictions or other limitations contained in the organizational documents of the Funds, the Adviser will allocate fees and expenses to the Funds in a manner that it believes is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. The allocations of such expenses may not be proportional and any such determinations involve inherent matters of discretion that could give rise to potential conflicts of interest. The Funds may have different expense reimbursement terms which may result in the Funds bearing different levels of expenses with respect to the same investment. The Adviser reserves the right to make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not precisely reflect the relative benefit derived by such Fund from that service in any particular instance.

In addition, there are occasions when one Fund (the "Payor Fund") pays an expense or obligation common to multiple Funds (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such Funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expenses or obligations, without interest, reasonably promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated

Funds could default on its obligation to reimburse the Payor Fund. In certain circumstances, the Adviser, the relevant General Partner or an affiliate thereof will advance amounts related to the foregoing and receive reimbursement from the Funds, without interest, to which such expenses relate.

Carried Interest Payments

Please see Item 6 below regarding “Carried Interest” that Funds expect to distribute to the Adviser or its affiliates.

Brokerage Fees

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

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

The General Partners of certain Funds are entitled to receive distributions of a portion of the profits of such Funds, if any, as “carried interest” (the “Carried Interest”). Each General Partner of a Fund is a related person of the Adviser. Distributions by a Fund in respect of Carried Interest reduce amounts that would otherwise be available for distribution to the investors in such Fund.

The payment by some, but not all, Funds of Carried Interest, or the payment of Carried Interest at varying rates (including varying effective rates based on, for example, past performance of a Fund or varying arrangements regarding the return or payment of certain contributions or expenses), has the potential to create an incentive for the Adviser or its employees to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher effective rate, or to allocate investment opportunities to such Funds. Additionally, to the extent that the Adviser’s personnel are assigned varying percentages of Carried Interest from the Funds, the Adviser and such personnel are subject to potential conflicts of interest in identifying opportunities as appropriate for the Funds from which they are entitled to receive a higher Carried Interest percentage. Generally, and subject to the organizational documents of the Funds, this conflict is mitigated by (i) contractual provisions entitling each investor in a Fund that is an alternative investment vehicle associated with another Fund to receive equivalent allocations in the aggregate from such alternative investment vehicle as such investor would have received had the investment been effectuated through such other Fund (except as may be advisable because of legal, regulatory or tax constraints); (ii) restrictions during the investment period of certain Fund(s) on the formation of another fund with investment objectives substantially similar to such Fund(s), unless investors consent in accordance with the organizational documents of the relevant Funds; and (iii) policies that provide that investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and governing agreements, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

The Funds’ organizational documents and Advisory Agreements generally require senior employees of the Adviser and principals of the General Partners to devote substantially all of their

business time to the affairs of the Adviser's current Fund(s), subject to certain exceptions set forth in the Funds' organizational documents, until the Adviser is eligible to launch new funds, and thereafter such persons are generally required to continue to devote an appropriate amount of business time to the affairs of these Funds and such business time to any other Funds as required by the organizational documents of such Funds.

Item 7. Types of Clients

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

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally "accredited investors" as that term is defined in Regulation D promulgated under the Securities Act, and/or "qualified purchasers" or "knowledgeable employees" as defined in the 1940 Act, and generally include, among others, high net worth individuals, banks, thrift institutions, sovereign wealth funds, family offices, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships, limited liability companies or other entities. In some cases, service professionals from other professional services firms may be investors in a Fund, as well as executives of portfolio companies.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in a Fund. The General Partner of each Fund may, in its sole discretion, permit investments below the minimum amounts set forth in the organizational documents of such Fund.

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

Over the past four decades, the Adviser has developed what it considers to be a differentiated private equity investment approach to create and execute on investment opportunities.

The Adviser seeks to source and execute these investment opportunities through The Leaders Strategy™, which it defines as "finding and partnering with exceptional management leaders in core domains to identify, acquire and build market-leading companies through transformational acquisitions and organic growth."

GTCR seeks to leverage three key components of The Leaders Strategy™ in pursuit of investment performance:

(1) Partnering with Management Leaders

The Adviser seeks to find, recruit and partner with management leaders to identify, acquire and build companies through acquisitions and organic growth. The Adviser devotes considerable time to the process of establishing relationships, forming partnerships and pursuing investment opportunities with such management leaders.

(2) Developing Domain Expertise

The Adviser seeks to focus its investment activities in four key areas of the U.S. economy where it believes it has significant experience and extensive networks of relationships – Technology, Media & Telecommunications, Financial Services & Technology, Healthcare and Growth Business Services. The Adviser believes that such domain expertise helps lead to high quality executive recruiting and investment thesis development.

(3) Executing Transformational Opportunities

The Adviser seeks to pursue investments with the potential for strategic and/or operational transformation. The Adviser believes these types of opportunities can create companies with fundamentally different—and enhanced—strategic positioning and operating performance.

Risks

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

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

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

Concentration of Investments. A Fund will likely participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, because all of a Fund's investments cannot reasonably be expected to perform well or even return capital, for a Fund to achieve above-average returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, the limited partners of a Fund have no assurance as to the degree of diversification of such Fund's investments, either by geographic region, asset type or domain. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. Furthermore, if a Fund co-invests with other private equity funds, a limited partner of such Fund may have exposure to investments through more than one fund. In circumstances where the General Partner of such Fund intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

A Fund is permitted to provide interim financing ("Bridge Financing") to facilitate portfolio company investments. It is possible that all or a portion of a Bridge Financing will not be recouped

within the time period specified in the Fund's organizational documents, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude Bridge Financing investments.

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

Lack of Sufficient Investment Opportunities. The activity of identifying investment opportunities, and buying and selling private equity investments, is highly competitive, involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk and/or more personnel than the Adviser, the Funds and their affiliates. The Adviser expects that competition for investment opportunities will increase, which may also require the Funds to participate in more auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which investments can be made. Participating in auctions will also increase the pressure on the Funds with respect to pricing of a transaction. In the event a financing-related closing condition is not available to a Fund or if a Fund is required to provide a reverse break-up fee or guarantee in connection with a potential investment, such Fund may become obligated to consummate a transaction on less favorable terms or may be required to fund the reverse break-up or similar fee in connection with a potential investment that is not made. There can be no assurance that the Funds will be able to locate, complete and exit investments which satisfy their investment objectives, or realize upon their values, or that they will be able to invest fully their committed capital. To the extent that a Fund encounters competition for investments, returns to limited partners of such Fund may decrease. However, the limited partners may be required to pay Management Fees during such Fund's term based on the entire amount of the limited partners' commitments.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Funds invest or intend to invest, including various segments of the technology, media and telecommunications, financial services and technology, healthcare and growth business services industries, are (or may become) (a) highly regulated at both the federal and state levels in the U.S. and internationally and (b) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While a Fund may make investments in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries, including, in particular, the technology, media

and telecommunications, financial services and technology, healthcare and growth business services industries, are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which a Fund may invest. By way of example, the healthcare and financial services industries have been, and will likely continue to be, significantly impacted by legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industries are introduced from time to time, which, if adopted, could have a significant impact on such industries in general and/or on companies in which a Fund may invest.

Lack of Unilateral Control. Even if a Fund is the majority investor or the controlling shareholder in certain circumstances, it may not have unilateral control of all of its portfolio companies. In addition, the Funds may make minority investments in portfolio companies, or may make investments in portfolio companies with third-party co-investors (including, on occasion, private equity funds of other sponsors), where there is the possibility that the portfolio companies may be controlled or influenced by persons who have economic or business interests or goals or tax or other considerations that differ from or are inconsistent with those of the Funds or their limited partners or may be in a position to take action contrary to the Funds' business, tax or other interests, and a Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund will generally seek to obtain certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

Portfolio Company Leverage; Borrowing. A Fund is permitted to make use of leverage by incurring debt to finance a portion of its investment in a given portfolio company, and is permitted to make investments, either through leveraged buyouts or otherwise, in portfolio companies that have a leveraged capital structure. Leverage generally magnifies a Fund's opportunities for gain and its risk of loss from a particular investment. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates, and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may be required to invest additional capital and/or suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest may not be rated by a credit rating agency.

Each Fund is authorized to borrow funds, from time to time, for investment or other specific business purposes and to provide guarantees of or other credit support for the obligations of third parties, subject to certain limitations provided in its respective organizational documents. Such borrowing is permitted to be used, among other purposes, to purchase portfolio investments as they become available in advance of the receipt of anticipated funds from capital contributions or otherwise when capital contributions are not available. As security for such borrowing, guarantees or other credit support, a Fund is permitted to grant liens on any of its assets to the lender or other counterparty, which assets may not necessarily be limited to a single portfolio investment. Such lender or other counterparty would, accordingly, have a claim that has priority over any claim by an investor in a Fund to such assets in an insolvency event or proceeding. Although borrowings by a Fund may enhance overall returns, they may further diminish returns (or increase losses) to the extent overall returns are less than such Fund's cost of funds.

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

In addition, Fund-level borrowing will result in incremental expenses that will be borne by Fund investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the subscription line, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's investors and the terms of its organizational documents, such rate may be higher than the interest rate an investor could obtain individually. To the extent a particular investor's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact an investor's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors, as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line. The Fund shall bear the cost of all fees and expenses related to the use of such subscription lines, including those related to investments in which co-investors also participate.

A credit agreement frequently will contain other terms that restrict the activities of a Fund and the investors, or impose additional obligations on them. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other

documentation from investors to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more investors.

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

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a Fund's investments and, as a result, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to investors and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such investors. After a distribution of securities is made to investors, many investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such investors may be lower than the value of such securities determined pursuant to the respective Fund's organizational documents, including the value used to determine the amount of carried interest available to the Adviser and its affiliates with respect to such investment.

Reliance on Portfolio Company Management Teams. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although the Adviser and its affiliates will be responsible for monitoring the performance of each portfolio investment and the Funds seek 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 portfolio company successfully. The success of many portfolio companies is heavily dependent on the management of such companies. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio investment is held. In addition, the Adviser will generally establish the capital structure of companies in which a Fund invests on the basis of financial projections for such companies. Projected operating results will normally be based primarily on the judgment of the management team of the portfolio company. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of

projections.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. Subject to any applicable provisions in a Fund's organizational documents, a Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the U.S., its territories and possessions. Such investments may be subject to additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of an investment), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the investors with respect to a Fund's income and possible non-U.S. tax return filing requirements for a Fund and/or the investors. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Further, non-U.S. investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude non-U.S. investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of non-U.S. investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by non-U.S. investors and non-U.S. currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Funds, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Funds invest or in other jurisdictions.

Potential Collapse of the Euro. A Fund may undertake investments in countries within the European Union, a significant number of which use the euro as their national currency. In the recent past the stability of certain European financial markets deteriorated and expectations centered on potential defaults by sovereign states in Europe. There is a risk that in the future certain

member states of the European Union default, or expectations of such a default increase, which may lead to the collapse of the Eurozone as it is constituted today or that certain member states of the European Union may cease to use the euro as their national currency. This could have an adverse effect on the performance of investments both in countries that experience the default and in other countries within the European Union. A potential primary effect would be an immediate reduction of liquidity for particular investments in the affected countries, thereby impairing the value of such investments. Further, a deteriorating economic environment caused directly or indirectly by such a default or related expectations could have a direct effect on the general economic environment.

Expedited Transactions. Investment analyses and decisions by the General Partner of each Fund may be undertaken on an expedited basis in order for such Fund to take advantage of investment opportunities. In such cases, information available to the General Partner at the time of an investment decision may be limited, and the General Partner may not have access to the detailed information necessary for a full evaluation of the investment opportunity.

Risks relating to Due Diligence and Conduct of Portfolio Companies. Before making investments, the General Partner of each Fund will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the General Partner's reduced control of the functions that are outsourced. In addition, if the General Partner is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the General Partner will rely on the resources available to it, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that the General Partner carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in a Fund as being speculative and having a high degree of risk. There can be no assurance that a Fund will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by a Fund will be adequate.

A Fund will rely upon the accuracy and completeness of representations made by portfolio companies and in certain instances their former owners in the due diligence process when it makes its investments, but cannot guarantee such accuracy or completeness. Such inaccuracy or incompleteness may adversely affect the value of a Fund's investment in such portfolio company. Under certain circumstances, payments to a Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. In the event of fraud by any portfolio company or any of its affiliates, a Fund may suffer a partial or total loss of capital invested in that portfolio company.

In addition, conduct occurring at portfolio companies, even activities that occurred prior to a Fund's investment therein, could have an adverse impact on the Fund. For example, the European Commission has held that certain private fund entities associated with a financial sponsor that were owners of a former portfolio company that was found to have participated in anticompetitive cartel activities were liable for the underlying conduct on the basis that the funds had exercised decisive influence over the former portfolio company. These instances highlight the risk that even if private equity funds are only involved in the high-level strategy and commercial policy of their portfolio companies, it may not exclude them from potential liability.

Reliance on Adviser Personnel. Decisions with respect to the management of each Fund will be made by the General Partner of such Fund with the advice of the Adviser. The success of a Fund will depend on the ability of its General Partner and the Adviser to identify and consummate investments, to improve the operating performance of portfolio companies and to dispose of investments of such Fund at a profit. The loss of the services of one or more members of the professional staff of the Adviser or of the principals of the General Partner of a Fund could have an adverse impact on such Fund's ability to realize its investment objective.

Hedging Arrangements. The Adviser is authorized (but not obligated) to endeavor to manage the relevant Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures using hedging techniques where available and appropriate. Such Funds or portfolio companies may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the applicable Fund or portfolio company to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the applicable Fund or portfolio company to additional liquidity risks. Certain hedging arrangements may create for the Adviser a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

Investments Longer than Term. The Funds may make investments which may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the dates that the Funds will be dissolved, either by expiration of the Funds' terms or otherwise. Although the General Partners expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, and the General Partners have a limited ability to extend the term of the Funds, the Funds may have to sell, distribute or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of a Fund the General Partner of such Fund will be required to use its best efforts to reduce to cash and cash equivalents such assets of the Fund as that General Partner shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the applicable Fund's limited partners will occur.

Absence of Regulatory Oversight. While the Funds may, in some respects, be considered to be

similar to investment companies, they are not registered, and do not intend to register, as such under the Investment Company Act or the laws of any other country or jurisdiction and, accordingly, the provisions of the Investment Company Act will not be applicable to the Funds.

Recycling; Reinvestment. The General Partners of the Funds may have the right to generally recall certain capital returned or distributed to the Funds' partners. Accordingly, during the term of a Fund, a partner in such Fund may be required to make capital contributions in excess of its commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, the partner will remain subject to investment and other risks associated with such investments.

Disclosure of Information. Certain limited partners in the Funds may be subject to state public records or similar freedom of information laws, which may compel public disclosure of confidential information regarding the Funds, their investments and their limited partners. There can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise, including for purposes of complying with regulations or policies to which the Funds, the Adviser, their affiliates, portfolio companies or service providers to any of them may be or become subject.

Material, Non-Public Information; Other Regulatory Restrictions. By reason of their responsibilities in connection with their other activities, the Adviser, its employees and representatives may acquire confidential or material, non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell a portfolio investment that they otherwise might have sold. Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Adviser or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on or reject certain transactions. In certain circumstances, antitrust remedies relating to one Fund's acquisition of a portfolio company may require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of the Adviser's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by the Adviser or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment

objectives.

Proprietary Rights. Many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that the Funds or portfolio companies will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a portfolio company's technologies. While piracy may adversely affect portfolio company revenue, the impact on revenue from outside the U.S. may be significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

Side Letters. Certain Funds, their General Partner or the Adviser have entered into, and will enter into in the future, written agreements with certain investors in connection with each such investor's admission to a Fund which have the effect of establishing rights under, or altering or supplementing the terms in, such Fund's organizational documents ("Side Letters"). These Side Letters may entitle a limited partner to make an investment in a Fund on terms other than those described in the relevant Fund's organizational documents. Any such terms, including with respect to (a) opting out of particular investments, (b) reporting obligations of the Fund, (c) transfers to affiliates, (d) co-investment opportunities, (e) withdrawal rights due to adverse tax or regulatory events, (f) confidentiality obligations or (g) any other matters described therein, may be more favorable than those offered to any other limited partners. If the Adviser, the General Partner and/or the Fund enter into a Side Letter entitling a limited partner to opt out of a particular investment or withdraw from the Fund, any election to opt out or withdraw by such limited partner may increase any other limited partner's pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal).

Litigation. In the ordinary course of their business, the Funds may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

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

Control Person Liability. The Funds may not always be the controlling shareholder in portfolio companies. However, it is expected that the Funds will have controlling interests in certain

portfolio companies. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. In particular, if determined to be a direct owner or operator of a portfolio company's facilities or operations, a Fund could face strict, joint and several liability under environmental laws for hazardous substance or contamination-related liabilities. If any such liabilities were to arise, a Fund might suffer significant losses.

Unfunded Pension Liabilities of Portfolio Companies. A recent court decision found that, in certain circumstances, an investment fund could be treated as a "trade or business" for purposes of determining pension liability under ERISA. Therefore, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Adviser intends to manage the Funds' investments to minimize any such exposure, a Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Fund may own an 80% or greater interest in such a portfolio company. If a Fund (or other 80%-owned portfolio companies of such Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations and/or financial performance of such Fund and the companies in which the Fund invests. These risks are based on court decisions, statutes and regulations regarding ERISA control group liability, which may change in the future.

Anti-Corruption Law Considerations. In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the U.S. Foreign Corrupt Practices Act ("FCPA"). In particular, U.S. regulators have been focused on private equity firms and their compliance with the FCPA. While the Adviser has developed and implemented policies and procedures designed to ensure compliance by the Adviser and its personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. In addition, the U.K. government passed into law the Bribery Act ("UKBA") in 2010, and has significantly expanded the reach of its anti-bribery laws. The UKBA criminalizes both the bribery of foreign public officials and commercial bribery. The UKBA also makes provision for a strict liability corporate offense of failing to prevent bribery committed by employees or third parties associated with a company. The corporate offense applies to any organization which carries on business or part of a business in the U.K. Affiliates of portfolio companies could engage in activities that could result in a violation of the FCPA, UKBA or other applicable anti-corruption laws or anti-bribery laws. Any determination that the Adviser (if applicable) or a portfolio company has violated the FCPA, UKBA or other applicable anti-corruption laws or anti-bribery laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct and/or securities litigation, any one of which could adversely affect the Adviser's or the portfolio company's business prospects and/or financial position.

Director Liability. A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the portfolio companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and in certain cases ultimately a Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that

portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Public Health Emergencies; COVID-19. Pandemics and other widespread public health emergencies, including the current outbreak of coronavirus (“COVID-19”), have and are resulting in market volatility and disruption, and future emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in losses to a Fund.

The World Health Organization formally declared the COVID-19 outbreak a global “pandemic” in March 2020. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken restrictive measures, including instituting local and regional quarantines, restricting travel, prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of offices, businesses, schools and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity and has contributed to both volatility and declines in financial markets. Among other things, the outbreak has resulted in material reductions in demand across many categories of consumers and businesses, dislocation in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although a further global or regional economic downturn (including a recession) and other materially adverse effects, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative consequences. Even if the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of economic dislocation and disruption will be on the health of certain industries and businesses and on commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in losses to a Fund. The extent of the impact on a Fund's and its portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults.

In addition, the operations of a Fund, its portfolio companies, its General Partner and the Adviser may be impacted as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, diminishing their ability to make accurate and timely projections of financial performance and hampering the performance of administrative functions such as processing payments and invoices.

Monetary Policy and Governmental Intervention. Actions by the Board of Governors of the U.S. Federal Reserve System (the "Federal Reserve") and certain non-U.S. central banks, including changes in policies and taking other actions to stabilize markets, combat inflation and/or encourage economic growth, may have a significant effect on interest rates, inflation and on the U.S. and world economies generally, which in turn may affect the performance of a Fund's investments on an absolute and/or relative basis.

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

Market Conditions. The capital markets have experienced significant volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent to a Fund's investments and could have a negative impact on the performance and/or valuation of a Fund's portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007, the downgrading of the credit rating of the U.S. in 2011 and the COVID-19 outbreak in 2020, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return.

Movements in foreign exchange rates may adversely affect the value of investments in portfolio

companies and a Fund's performance. Volatility and illiquidity in the financial sector may also have an adverse effect on the ability of a Fund to make portfolio company investments and/or sell and/or partially dispose of portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event a Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of a Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective.

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

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

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

United Kingdom ("UK") Exit from the European Union (the "EU"). On March 29, 2017, the United Kingdom formally notified the European Council of its intention to leave the EU ("Brexit"). The UK formally left the EU on January 31, 2020 and entered a transition period that ended on December 31, 2020. On December 24, 2020, the UK government and the EU Commission provisionally agreed upon a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period.

Although provisionally agreed, the terms of the UK's ongoing and future relationship with the EU are still uncertain, including the extent to which UK businesses will have access to the EU single market and the extent to which EU businesses have access to the UK market. There is also risk of

significant disruption to trade between the UK and the EU, particularly as new trade arrangements are intended to be ratified and implemented. There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

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

Deterioration of Credit Markets. A deterioration of the global credit markets may make it more difficult for investment funds such as the Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of global debt markets and/or a rise in interest rates, could dramatically reduce investor demand for high yield debt and senior bank debt, which in turn may lead some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which a Fund has invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, a Fund may suffer a partial or total loss of capital invested in such companies, which could in turn have an adverse effect on a Fund's returns.

Debt Investments in Portfolio Companies. A Fund may, in certain circumstances, make investments in debt instruments or convertible debt securities, including in connection with existing or prospective investments in equity or equity-related securities and debt investments that have an expected return comparable to equity or equity-related securities. Such debt may be unsecured or structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions.

Public Company Holdings. A Fund's investment portfolio may include securities issued by public companies (including formerly privately-held portfolio companies that have consummated IPOs during a Fund's holding period) or debt issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including employees and representatives of the Adviser, and increased costs associated with each of the aforementioned risks. Further, the Adviser shall have the right to allocate securities it

receives through IPOs in its sole discretion, which includes the allocation of IPO securities to its employees, business associates, portfolio company personnel and other “friends and family” of the Adviser or its personnel.

Start-Up Capital Investments. After recruiting and partnering with a management team to lead a new portfolio company, the Adviser or a Fund often commits start-up capital to fund such management team’s overhead expenses for a period of time (“Start-Up Capital”), typically until the portfolio company completes its first acquisition. Start-Up Capital generally is used to fund the portfolio company’s operations, including the management team’s compensation, as well as traditional due diligence expenses incurred pursuing acquisition opportunities. In certain cases, a Fund will invest Start-Up Capital in a new portfolio company, but such portfolio company will not have completed an investment towards the end of the investment period and/or capacity of such Fund. In other cases, the Adviser will invest Start-Up Capital in a new portfolio company when an existing Fund is not expected to have investment capacity to consummate an investment opportunity and a subsequent Fund has not been formed or commenced investment activities. In either case, when the Fund or the Adviser, as applicable, sells its interest in such portfolio company to a subsequent Fund, the Fund or the Adviser, as applicable, will seek reimbursement for any Start-Up Capital invested in the portfolio company from the subsequent Fund. There can be no assurance that the Adviser and/or a Fund will recoup such Start-Up Capital in part or whole. From time to time, the Adviser and/or a Fund may enter into independent consulting arrangements with potential management teams, which may or may not lead to partnerships with the Adviser and/or a Fund, and a Fund will bear the costs associated with such consulting arrangements.

Other Collective Investment Vehicles. The Adviser and its affiliates expect, from time to time, to be presented with investment opportunities that fall within the investment objective of a Fund and one or more other GTCR investment funds, either ones already formed or ones that might be formed in the future, and in such circumstances, it will allocate such opportunities among the applicable Fund and such other GTCR funds on a basis that it reasonably determines to be fair and reasonable, taking into account such factors, among others, as the sourcing of the transaction, the nature of the investment objective and focus of each such other investment fund (including, without limitation, the equity size of an investment), 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 organizational documents of such other funds and other considerations deemed relevant by the Adviser. There can be no assurance that the application of the considerations set forth above will result in a Fund participating in all investment opportunities that fall within its investment objectives.

In the event a Fund and one or more other GTCR investment funds hold different securities (including with respect to their relative seniority, and whether such securities are purchased contemporaneously or otherwise), the Adviser may be presented with decisions when the interests of the funds are in conflict. There can be no assurance that any such conflict can be resolved in a manner that is beneficial to the applicable Fund. In that regard, actions taken for the other GTCR funds can be adverse to a Fund.

Valuation of Investments. Generally, the Adviser will determine the value of all of a Fund’s investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for most of a Fund’s investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and

not quoted on any exchange. The Adviser will determine the value of all the Fund's investments that are not readily marketable based on Accounting Standard Codification 820-10 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the U.S. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. There can be no assurance that the Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the Adviser with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. In addition, the exercise of discretion in valuation by the General Partner may give rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Cybersecurity Risks. There are ongoing cybersecurity risks to which operating companies may be subject, particularly operating companies in historically vulnerable industries. To the extent that a portfolio company is subject to a cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to losses in the form of, among other things, stolen, lost or corrupted (i) customer data or payment information; (ii) financial information; (iii) software, contact lists or other databases; and/or (iv) proprietary information or trade secrets. If a portfolio company fails to address and mitigate cybersecurity risks, it may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of these circumstances could subject a portfolio company, or the relevant Fund, to losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Adviser or one of its service providers holding its financial or investor data, the Adviser, its affiliates or the Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under the Adviser's policies and practices. In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation. Thus, the Fund may bear a portion of any such costs.

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

President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the “Code”), on December 22, 2017 (the “Tax Act”). Changes to the Code made by the Tax Act and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their limited partners. In addition, the Tax Act subjects certain allocations of income and gain in respect of entitlements to carried interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017 to higher rates of U.S. federal income tax than under prior law in certain circumstances. This can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Funds and/or the investors and therefore, these rules may have an adverse impact on the investment decisions made on behalf of the Funds, including with respect to decisions on the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the tax law gives the Adviser an incentive to cause a Fund to hold an investment for longer than three years in order to obtain lower tax rates on carried interest gains even if there are attractive realization opportunities earlier than three years. These same issues may also apply to officers, directors and employees of a Fund’s portfolio companies if such persons receive a profits interest in such companies.

Additional legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect a Fund, its portfolio companies or Partners. 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 financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. A Fund may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation. Failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects.

Item 9. Disciplinary Information

The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this brochure.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser is affiliated with other related investment advisers, including General Partners and equivalent entities formed from time to time and subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. These advisers also include the Adviser’s relying advisers that are registered under the Advisers Act pursuant to the Adviser’s registration. GTCR Management X LP, GTCR Management XI LP, GTCR Management XII LP, GTCR Management XIII LP and GTCR NY LLC provide advisory services to the Adviser and other affiliated entities under separate master advisory agreements and are “relying advisers” as disclosed on Schedule R of Form ADV Part 1A. These affiliated investment advisers operate as a single advisory business together with the Adviser

and serve as managers or General Partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees and/or persons occupying similar positions.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all Adviser personnel and any other person who is subject to the Adviser's supervision and control and who (a) has access to non-public information regarding purchases or sales of securities by any Fund, (b) is involved in making securities recommendations to any Fund or (c) has access to non-public securities recommendations to any Fund (collectively, "Access Persons"). Sections of the Code of Ethics also apply to certain family members of such Access Persons. The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations, and restricts Access Persons' and certain of their family members' purchases of investments for their own accounts. In addition, the Code of Ethics requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information.

Under the Code of Ethics, Access Persons are also required to file certain periodic reports with the Adviser's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest. Access Persons who violate the Code of Ethics may be subject to remedial action, including, but not limited to, profit disgorgement, fine, censure, demotion, suspension or dismissal. Access Persons are also required to promptly report any violation of the Code of Ethics of which they become aware. Access Persons are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Jeffrey S. Wright, Principal, Deputy General Counsel and Chief Compliance Officer, GTCR LLC, 300 North LaSalle Street, Suite 5600, Chicago, Illinois 60654.

Participation or Interest in Client Transactions

The Adviser and certain employees and affiliates of the Adviser are expected to invest in and alongside the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its relevant General Partner, as applicable, reserves the right to exempt such persons from all or a portion of the Management Fee and Carried Interest. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for the account of the Funds and providing transaction-related, investment advisory, management and other services to the Funds, SPACs and operating companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs

of the Funds in an appropriate manner, as required by the relevant Advisory Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its judgment considering all factors it deems relevant, but in any case in its sole discretion, subject in certain cases to the required approvals by the Advisory Boards of the participating Funds.

In the ordinary course of conducting its activities, the interests of a Fund will, from time to time, conflict with the interests of the Adviser, other Funds or their respective affiliates. Certain of these conflicts of interest are described below. In certain circumstances, applicable Advisory Agreements and/or organizational documents of the applicable Fund may address one or more of the potential conflicts of interest addressed below and may contain terms which mitigate or exacerbate such conflict of interest. The Adviser's determination as to which factors are relevant with respect to conflicts of interest, and the resolution of such conflicts, will be made using the Adviser's judgment, subject to the applicable Advisory Agreements and/or organizational documents of the applicable Fund. The discussion below does not necessarily describe all of the conflicts that may be faced by a Fund.

The Adviser has from time to time and expects in the future to establish certain investment vehicles through which employees, business associates and other "friends and family" of the Adviser or its personnel invest alongside one or more of the Funds. These investment vehicles typically purchase or sell each investment opportunity at the same time and on substantially the same terms as such Fund. Such investment vehicles do not pay Management Fees or Carried Interest.

Co-investment vehicles have been established from time to time and are expected to be established in the future in order to invest alongside or with one or more Funds, and the Adviser typically has limited discretion to invest the assets of these co-investment vehicles independent of the limitations set forth in the organizational documents of such co-investment vehicle and associated Fund. Participation in co-investment vehicles, and allocations of co-investment opportunities among co-investors or co-bidders, as applicable, is also expected to be subject to priorities and limits as set forth in a Fund's organizational documents. In general, unless otherwise provided for in a Fund's organizational documents, (a) no investor in a Fund has a right to participate in any co-investment or co-bid opportunity and investing in a Fund does not give an investor any rights, entitlements or priority to such opportunities, (b) decisions regarding whether and to whom to offer co-investment or co-bid opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Adviser or, in certain instances, in consultation with other participants in the applicable transaction, (c) co-investment or co-bid opportunities may be offered to some and not other investors in Funds in the sole discretion of the Adviser, and investors may be offered a smaller amount of co-investment or co-bid opportunities than originally requested, and (d) certain persons other than investors in the Funds (*e.g.*, consultants, joint venture partners, persons associated with a portfolio company and other third parties) will, from time to time, be offered co-investment or co-bid opportunities in the sole discretion of Adviser.

The Adviser's policies and procedures permit it to take into consideration a variety of factors in making determinations with respect to co-investment or co-bid opportunities. These factors include, without limitation, (i) expressed interest in co-investment or co-bid opportunities by the prospective co-investor or co-bidder, as applicable; (ii) the Adviser's evaluation of whether the investment opportunity may subject the prospective co-investor or co-bidder to legal, regulatory,

competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the potential co-investor or co-bidder, as applicable, would act upon the investment opportunity if offered or would impair the Adviser's ability to execute the relevant transaction in the desired time or on desired terms; (iii) confidentiality concerns that may arise in connection with providing the prospective co-investor or co-bidder with specific information relating to the investment opportunity; (iv) past experiences with the potential co-investor or co-bidder, including the willingness and ability of the potential co-investor or co-bidder, as applicable, to respond promptly and/or affirmatively to prior co-investment or co-bid opportunities; (v) the size and financial resources of the potential co-investor or co-bidder and its ability to efficiently and expeditiously participate in the investment opportunity; (vi) whether the profile and characteristics of the potential co-investor or co-bidder may have an impact on the viability or terms of the investment opportunity and the ability of a Fund to take advantage of such investment opportunity; (vii) the character and nature of the co-investment or co-bid opportunity (including the potential investment amount, structure, geographic location, tax characteristics and relevant industry); (viii) and other appropriate factors. Although the Adviser reserves the right to consider a prospective co-investor's or co-bidder's willingness to invest in future Funds, such willingness will not be the sole determining factor considered by the Adviser in identifying co-investors or co-bidders. For certain Funds, the Adviser expects to limit participation of limited partners in co-investment or co-bid opportunities to a subset of limited partners with commitments to the Fund above certain thresholds, which may result in certain limited partners in a Fund not being eligible to participate in some or all such co-investment or co-bid opportunities. The Adviser reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments or co-bids in Fund portfolio companies or otherwise to have priority in co-investment opportunities. The Adviser's allocation of co-investment or co-bid opportunities among investors and in the manner described herein likely will not result in proportional allocations among such investors, and the consideration of the factors discussed herein likely will result in certain investors receiving multiple opportunities to co-invest or co-bid while others expressing interest in co-investments or co-bids have the potential to receive no or fewer such opportunities. Non-binding expressions of interest in co-investment or co-bid opportunities are not investment allocation requirements and do not require the Adviser to notify potential co-investors or co-bidders if there is a co-investment or co-bid opportunity.

Co-investment vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on substantially the same terms as the Funds making the investment. However, from time to time, for strategic and other reasons, a co-investment vehicle may purchase a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio company. Any such purchase from a Fund by a co-investment vehicle generally would occur shortly after the Fund's completion of the investment (also known as a post-closing sell down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility, to avoid any changes in the valuation of the investment. The participants in the co-investment vehicle (other than the Funds) may be charged interest on the purchase to compensate the applicable Funds for the applicable holding period. It is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund, and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective.

Alternative investment vehicles have been established from time to time and are expected to be established in the future in order to permit one or more Fund investors to participate through a different structure in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of these alternative investment vehicles independent of the limitations set forth in the organizational documents of such alternative investment vehicle and associated Fund.

From time to time, the Adviser is presented with investment opportunities that would be suitable not only for a particular Fund, but also for other Funds and other investment vehicles operated by the Adviser and its advisory affiliates. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates will be subject to potential conflicts of interest among the investors in such investment vehicles. The Adviser attempts to resolve conflicts of interest in light of its obligations to investors in each of the Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among the Funds and such investment vehicles in a manner it believes to be fair and equitable to its clients under the circumstances over time. Where deemed necessary by the Adviser, the Adviser consults and receives consent to conflicts from an Advisory Board consisting of limited partners of each applicable Fund and such other investment vehicles. In addition, certain provisions of a Fund's organizational documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

The Adviser has from time to time and expects in the future to cause a Fund to purchase investments from another Fund and/or cause a Fund to sell investments to another Fund. In addition, the Adviser has from time to time and expects in the future to fund start-up expenses for a portfolio company and subsequently sell such portfolio company to a Fund. Such transactions have the potential to create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment; or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates expect to receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are also entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the organizational documents of the Funds typically contain requirements regarding the allocation of such opportunities and terms and conditions of such transactions. To the extent such matters are not addressed in the organizational documents of the applicable Funds, the Adviser has adopted policies and procedures regarding allocation of investment opportunities in a fair and equitable manner. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment, and in the manner discussed above, often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to

some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant and subject to the organizational documents of the Funds, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Adviser expects to be subject, discussed herein, did not exist. In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's organizational documents, subject to any restrictions in the organizational documents of the applicable Fund, the Adviser will have the opportunity to identify a limited number of persons to potentially acquire the interest being transferred, including investors in one or more Funds or individuals and entities that are not investors in any Funds, and may take into consideration a variety of factors as it deems necessary in exercising its discretion with respect to a secondary transfer of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and unless required by the relevant organizational documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

The Adviser manages a number of Funds that may have investment objectives similar to each other. The Adviser has from time to time and expects in the future to establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to the conflicts of interest described above. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these employees. Following the investment period of a Fund, the Adviser's principals likely will focus a substantial portion of their investment activities on other opportunities and areas unrelated to a Fund's investments. The Adviser reserves the right to give advice or take actions with respect to the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. In addition, a Fund may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences may result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if the relevant Fund were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which the relevant Fund co-invests will exit such investment at the same time or on the same terms. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Where Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions, including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring, have the potential to raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Adviser in its sole discretion.

The Funds, from time to time, co-invest with third-parties. These investments have the potential to involve risks that would not otherwise be present in investments where a third-party is not involved. Such risks include, among other things, the possibility that the third-party may have differing economic or business goals than those of the Fund or that the third-party may be in a position to take actions that are inconsistent with the investment objectives of the Funds. There can be no assurance that the return of a Fund participating in a transaction with a third-party will be equal to and not less than another Fund participating in the same transaction or that it will be as favorable as it would have been had such conflict not existed.

Although uncommon, the Adviser reserves the right from time to time to cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by the Adviser, or co-investors or co-investment vehicles. Such transactions raise potential conflicts of interest. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represents what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' organizational documents or otherwise in the sole discretion of the Adviser, the Adviser reserves the right to seek to mitigate such conflicts by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's Advisory Board) to such transactions. In certain circumstances, the Adviser may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. The Adviser intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

Subject to any relevant restrictions or other limitations contained in the organizational documents of the Funds, the Adviser will allocate fees and expenses to the Funds in a manner that it believes is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, the Adviser will likely face a variety of potential conflicts of interest. As a general matter, to the extent not allocated to a portfolio company, expenses typically will be allocated among all relevant Funds eligible to reimburse expenses of that kind. The allocations of such expenses may not be proportional.

Because Carried Interest is based on a percentage of net realized profits, it has the potential to

create an incentive for the Adviser to cause a Fund to make riskier or more speculative investments than would otherwise be the case. In addition, certain personnel of the Adviser invest indirectly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. In addition, because there is a fixed investment period after which capital from investors in a Fund may only be called in limited circumstances, and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when the Adviser may not otherwise have done so. The existence of these varying circumstances has the potential to present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

In certain circumstances, subject to any applicable provisions in a Fund's organizational documents, the General Partner may be required to return excess amounts of Carried Interest as a "clawback." This clawback obligation has the potential to create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

Investors in the Funds often have conflicting investment, tax and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts arise in connection with decisions made by the Adviser and its affiliates regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Adviser and its affiliates generally will consider the investment and tax objectives of a Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually.

The Adviser and its affiliates, without any further act, approval or vote of any Fund or investor, have and will in the future, enter into Side Letters or other similar agreements with certain investors in a Fund and/or a co-investment vehicle that have the effect of establishing rights under, or altering or supplementing the terms of, the Fund's and/or a co-investment vehicle's organizational documents, which may include without limitation providing different or preferential rights or terms. The right of the General Partner to enter into such arrangements is disclosed to investors in a Fund's offering memorandum and other organizational documents of the Fund, and in the organizational documents of the co-investment vehicle, as applicable.

Many of the Funds have established an Advisory Board, consisting of representatives of investors in the Fund. A conflict of interest may exist when some, but not all, investors are permitted to designate a member to the applicable Advisory Board. The applicable Advisory Board will also have the ability to approve certain conflicts of interests with respect to the Adviser and/or the applicable Funds, which could be disadvantageous to the investors, including those investors who do not designate a member to applicable Advisory Board. The composition of an Advisory Board of a Fund may have substantial overlap with the composition of an Advisory Board for another Fund, which could lead to potential conflicts of interest if there are transactions between such Funds that require Advisory Board approval.

The Adviser generally has discretion to contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser, including in connection with its provision of services to the Funds. In such instances the Funds are expected to

bear the cost of such services. When engaging a related person to provide such services, there is a risk that the Adviser has a potential incentive to engage the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser and/or its affiliates from time to time engage, and exercise their discretion to recommend to a Fund or portfolio company that it engage, in business with certain service providers or lenders, including, for example, investment or commercial bankers, outside legal counsel and consultants, who are investors in Funds or affiliates of such investors, who have other relationships with the Adviser or its affiliates or from which their current or former personnel derive financial or other benefits, and/or who provide services or financing to the Adviser and its affiliates, the Funds and their affiliates, portfolio companies and/or businesses that are competitors of the Adviser, including services during the due diligence and acquisition process. Additionally, the Adviser and the Funds from time to time engage other common service providers or lenders. The Adviser will in certain circumstances have a potential conflict of interest with the Funds in recommending the retention or continuation of a service provider or lender to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or lender will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates or is interested or will provide other services or financings that are beneficial to the Adviser or one or more other Funds or the Adviser otherwise has an incentive to recommend such service provider or lender because of its financial or business interest. There is a possibility that the Adviser, because of such beliefs or for other reasons, would favor such service provider or lender even if a better price and/or quality of service, or otherwise better terms of borrowing, could be obtained from another person. Although the Adviser generally seeks appropriate rates for services and loans, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed, alignment with the Adviser or other factors in retaining or recommending service providers or lenders. In certain circumstances where the Adviser commits or has committed to seek “market” or “arms-length” rates or terms, the Adviser will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, the Adviser undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Whether or not the Adviser has a relationship with a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

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

The Adviser and its employees have developed many relationships with third parties (including investing in such third parties), which have the potential to raise conflicts of interest. Such third parties include, but are not limited to, investment and commercial bankers, advisors, consultants,

finders (including executive finders and portfolio company finders), executives, professional advisors (such as attorneys and accountants), private equity and venture capital investors, providers of debt capital, investors in the Funds, co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees of the Adviser, as well as certain family members or close contacts of these persons. Certain of such third parties may introduce potential management partners or investment opportunities to the Adviser, arrange for or facilitate the financing of, the purchase or recapitalization of potential portfolio companies, introduce portfolio companies to potential acquisition or merger candidates, introduce the Adviser to potential executives or buyers of portfolio company securities, facilitate the disposition of portfolio company securities, provide investment and commercial banking, consulting or advisory services to the Adviser, the Funds or portfolio companies, co-invest in portfolio companies or provide other significant business or investment services (including strategic, sourcing or similar benefits) to the Adviser, the Funds and/or portfolio companies. Such third parties may receive direct compensation from a portfolio company, a Fund and/or the Adviser for providing these services. In addition, such third parties may be entitled to receive a portion of a Fund's proceeds in connection with the sale of a particular portfolio company. Such third parties may also receive discretionary bonuses, transaction-based fees and/or directors' fees from, participation, and/or profits or equity interests in, a portfolio company or holding company in exchange for providing these services, and such discretionary bonuses, fees, participation, and/or profits or equity interests are not subject to the Management Fee offsets described herein. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund's investment, and the relevant Fund typically will bear the costs of all such third party compensation as well as fees, costs and expenses of structuring third party arrangements. The Adviser negotiates the arrangements described above with such third parties, and the terms of such arrangements generally will not be disclosed to investors in the Funds. Further, the Adviser or its employees may invest in the equity of such third parties, and, therefore indirectly economically benefit from any such relationship. In other circumstances, such third parties may provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through the Adviser's entities) to the Adviser personnel and their estate planning vehicles.

The Adviser has accepted a minority investment from Blackstone's GP Stakes business (collectively with its affiliates, the "Minority Investor"). The Minority Investor's stake is passive, and the Minority Investor does not have any authority over the day-to-day operations or investment decisions of the Adviser or any Fund. The Minority Investor has relationships with other advisers and investment vehicles that may give rise to potential conflicts, including sponsoring or investing in firms or vehicles that pursue investment strategies similar to those of a Fund and ultimately compete with a Fund for investment opportunities. The Minority Investor may also have relationships in the ordinary course with current or prospective portfolio investments, including providing services and/or financing to current or prospective portfolio investments.

Except to the extent prohibited by the Fund's organizational documents, the Adviser and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs, and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Fund's organizational documents and anti-"assignment" provisions of the Advisers Act, the Adviser and its personnel are also permitted to offer, restructure and monetize interests in

the Adviser.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required.

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

In connection with its services to the Funds and their investments, the Adviser, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Adviser's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Adviser and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "the Adviser Information"). In many cases, the Adviser Information will include tools, procedures and resources developed by the Adviser to organize or systematize the Adviser Information for ongoing or future use. Although the Adviser expects its Funds and their portfolio companies generally to benefit from the Adviser's possession of the Adviser Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio company from which the Adviser Information was originally received. The Adviser Information will be the sole intellectual property of the Adviser and solely for the use of the Adviser.

Certain expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, situations may arise where the Adviser is in the position of recommending the services of a portfolio company to other portfolio companies, which may involve fees, commissions, servicing payments and other compensation. The Adviser will have a potential

conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best or the lowest cost option available to the portfolio companies held by the Funds. From time to time the Adviser, its affiliates and personnel expect to receive the benefit of “friends and family” and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because such portfolio companies offer such discounts to customers other than the Adviser and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, the Adviser believes that the potential for conflicts of interest relating to such discounts is mitigated. The Adviser, its affiliates and their personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service. Discounted prices or better terms offered to the Adviser, any other portfolio company or third parties have the potential to affect returns of a portfolio company.

The Adviser has in the past, and will from time to time in the future, cause one or more Funds to bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents and other covered parties against liability in connection with the activities of the Funds. This includes a portion of any premiums, fees, costs and expenses for insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents and other covered parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such insurance policies among one or more Funds and/or the Adviser, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors. The Adviser has a potential incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company’s profitability. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund. The Adviser has a potential incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain other third parties or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Subject to any applicable provisions in a Fund’s organizational documents, the Adviser and/or its affiliates reserve the right to engage in business opportunities arising from a Fund’s investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a potential conflict of interest, as such interests are a benefit arising from the Fund’s investment and may vary from the applicable Fund’s interest (*e.g.*, whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund’s portfolio company may compete with another Fund’s portfolio

company. A potential conflict of interest will likely arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to a separate portfolio company owned by the same or another Fund.

In addition, certain portfolio companies controlled by a Fund from time to time engage in activities that could adversely affect another Fund and/or one or more of its portfolio companies, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as, the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its portfolio company.

The Adviser and/or its affiliates typically have the right to appoint portfolio company board members (including current or former the Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence their compensation. From time to time, portfolio company board members may approve compensation and/or other amounts payable to the Adviser and/or its affiliates in connection with services provided by the Adviser and/or its affiliates to such portfolio company. The Adviser's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to the Adviser subjects the Adviser and any such portfolio company board appointees to potential conflicts of interest. Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including, without limitation, travel expenses) incurred by the Adviser or such service providers in connection with its performance of services for such portfolio company. This subjects the Adviser to conflicts of interest because the Fund generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Adviser determines the amount of these reimbursements for such services in its discretion, subject to its internal reimbursement policies and practices.

In addition, while conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflict with those of the Fund, it is expected that the interests will be aligned. Additionally, such employees generally are required to remit any remuneration they receive as directors to the applicable Funds. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become officers or employees of portfolio companies.

Decisions made by a director may subject the Adviser, its affiliates or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims.

Unless restricted by the organizational documents or the Adviser's policies, the Adviser's personnel are permitted to serve on boards or act in other roles unaffiliated with the Adviser, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles. Such companies are not portfolio companies of the Fund and, as a result, any compensation received by such Adviser employee would not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or investors.

Following the investment period of a Fund, the Adviser's principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. The Adviser personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Such personal investments have the potential to compete with companies acquired by a Fund.

The organizational documents of certain Funds permit the Adviser, each such Fund's General Partner or certain of their affiliates to make certain interim contributions to the applicable Fund in anticipation of an upcoming investment or payment by such Fund, pending receipt of capital contributions in an equal amount from such Fund's limited partners, the proceeds of which would be distributed to such General Partner or other affiliate as a return of such interim contribution, with an interest charge. Such arrangements create potential conflicts of interest between the Adviser, the applicable General Partner or affiliate and the Fund acting as borrower.

The organizational documents of certain Funds permit the Adviser and/or each such Fund's General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The Adviser and/or General Partner reserve the right to elect to withhold certain information from such limited partners for reasons relating to the Adviser's and/or General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information. In addition, due to the fact that potential investors in a Fund may ask different questions and request different information, the Adviser reserves the right to provide certain information to one or more prospective investors that it does not provide to all prospective investors.

Item 12. Brokerage Practices

The Adviser focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may or may not be retained. However, the Adviser reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser reserves the right to consider a variety of factors. The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent.

Consistent with the Adviser seeking best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time. As a general matter, research provided by these brokers could be used to benefit all of the Funds. However, each and

every research service may not be used for the benefit of each and every Fund managed by the Adviser, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund. The Adviser, in its discretion, reserves the right to cause the Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This generally arises where the Adviser has determined that such commission is reasonable in relation to the value of brokerage and research services received.

The Adviser may cause multiple Funds to purchase and sell publicly traded securities through broker-dealers. If the Adviser has determined to purchase or sell a publicly traded security for more than one Fund at the same time, the Adviser may place combined orders for each Fund when assigning pre-order allocations. The Adviser may aggregate trade orders for publicly traded securities to ensure that each participating Fund will receive the average price for each transaction. If an order for more than one Fund for a publicly traded security cannot be fully executed, the Adviser will allocate the investments in accordance with the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

Item 13. Review of Accounts

Oversight and Monitoring

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

Reporting

The Adviser will typically furnish to the investors in the Funds (i) audited financial statements annually; (ii) unaudited financial statements quarterly; (iii) annual tax information necessary for each investor's tax returns; and (iv) investment information for each portfolio company semi-annually. The organizational documents of a Fund or investment vehicle may provide for alternative, or less detailed, reporting than the foregoing. The Adviser reserves the right from time to time, in its sole discretion, to provide additional information relating to a Fund to one or more investors in such Fund as deemed appropriate.

It is expected that any investors in any co-investment vehicle would receive the reports and other information described in the organizational documents governing such co-investment vehicle, which include, for example, financial information regarding the specific portfolio company in which the co-investment vehicle is invested.

Item 14. Client Referrals and Other Compensation

Item 14 is not applicable to the Adviser.

Item 15. Custody

As required by the Advisers Act, the Adviser has established accounts with the following qualified custodians to hold funds and securities in custody on behalf of the Funds: Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated. The Funds are generally subject to a year-end audit by a major accounting firm that is a member of, and examined by, the Public Company Accounting Oversight Board. Each Fund's audited financial statements are provided to the investors in the Fund within 120 days of the Fund's fiscal year end.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not to investors in the Funds individually. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Funds. Investment restrictions for the Funds, if any, are generally established in the organizational documents of the applicable Fund.

Item 17. Voting Client Securities

The Adviser has adopted written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (the "Voting Policy") to address how it will vote proxies, as applicable, for a Fund's portfolio companies. The Voting Policy seeks to ensure that the Adviser manages proxies (or similar instruments) in the best interest of a Fund, including where there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds, and therefore generally will not seek investor approval or direction when voting proxies. If there is or may be a conflict of interest in voting proxies, the Voting Policy provides that the Adviser may address the conflict using several alternatives. The Adviser does not consider service on portfolio company boards by the Adviser's personnel or the Adviser's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Voting Policy sets forth certain proxy voting guidelines followed by the Adviser when voting proxies on behalf of a Fund. A copy of the Voting Policy is available to clients or prospective clients and the Adviser's proxy voting record is available to clients upon written request to: Jeffrey S. Wright, Principal, Deputy General Counsel and Chief Compliance Officer, GTCR LLC, 300 North LaSalle Street, Suite 5600, Chicago, Illinois 60654.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.