

Form ADV Part 2A: Firm Brochure



# Sagard Holdings

**SAGARD HOLDINGS MANAGER LP**

161 Bay Street, Suite 5000  
Toronto, ON M5J 2S1, Canada  
[www.sagardholdings.com](http://www.sagardholdings.com)

**January 15, 2021**

This Brochure provides information about the qualifications and business practices of Sagard Holdings Manager LP (“**Sagard**”). If you have any questions about the contents of this Form ADV Part 2A (this “**Brochure**”), please contact Sagard’s Chief Compliance Officer (the “**CCO**”) at 514-286-3300 or [compliance@sagardholdings.com](mailto:compliance@sagardholdings.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. Sagard is an investment adviser registered with the SEC. This registration does not, however, imply a certain level of skill or training of any Sagard personnel.

Additional information about Sagard is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 - MATERIAL CHANGES**

---

This is Sagard's initial submission of this Brochure. In the future, this Item will be used to report any material changes.

### ITEM 3 - TABLE OF CONTENTS

---

ITEM 2 - MATERIAL CHANGES.....	II
ITEM 3 - TABLE OF CONTENTS .....	III
ITEM 4 – ADVISORY BUSINESS .....	1
ITEM 5 – FEES AND COMPENSATION.....	3
ITEM 6 – PERFORMANCE-BASED FEES.....	6
ITEM 7 – TYPES OF CLIENTS .....	6
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	7
ITEM 9 – DISCIPLINARY INFORMATION .....	26
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	26
ITEM 12 – BROKERAGE PRACTICES.....	29
ITEM 13 – REVIEW OF ACCOUNTS.....	29
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	29
ITEM 15 – CUSTODY.....	30
ITEM 16 – INVESTMENT DISCRETION.....	30
ITEM 17 – VOTING CLIENT SECURITIES.....	30
ITEM 18 – FINANCIAL INFORMATION.....	30

#### **ITEM 4 – ADVISORY BUSINESS**

Sagard is a multi-strategy, global alternative asset manager. Sagard looks to generate attractive investment returns by matching investment opportunities with flexible capital solutions and pairing entrepreneurs with teams that have deep industry knowledge. Sagard develops long-term partnerships and empowers the growth of its investments through a unique global network of portfolio companies, limited partners, advisors and other valued relationships. Today, Sagard invests across four asset classes – private equity, private credit, healthcare royalties and venture capital.

Sagard, an Ontario limited partnership, was formed on October 31, 2017 and is headquartered in Toronto, Ontario. The general partner of Sagard is Sagard Holdings Manager GP Inc., which is a wholly-owned direct subsidiary of Sagard Holdings Participation Inc. (“**Sagard Holdings**”). Sagard Holdings is a wholly-owned direct subsidiary of Power Corporation of Canada (“**PCC**”). PCC is a publicly-traded international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

Sagard provides investment advisory services to pooled investment vehicles. These pooled investment vehicles include:

- **Sagard Credit Partners.** Sagard Credit Partners, LP (together with any parallel funds, feeder funds or alternative investment vehicles, “**SCP I**”) and Sagard Credit Partners II, LP (together with any parallel funds, feeder funds or alternative investment vehicles, “**SCP II**” and together with SCP I, the “**SCP Funds**”). The SCP Funds employ an investment strategy of sourcing, structuring, and managing a diversified portfolio of direct loans across all business sectors, excluding real property and extractive commodities businesses.
- **Sagard Healthcare Royalty Partners.** Sagard Healthcare Royalty Partners, LP (together with any parallel funds, feeder funds or alternative investment vehicles, “**SHRP**”). SHRP makes income-generating investments in the biopharmaceutical industry globally. The Fund focuses on investments primarily in approved and commercialized assets protected by strong intellectual property.
- **Portag3 Ventures.** Portag3 Ventures LP (“**Portag3 I**”) and Portag3 Ventures II Investments LP (together with any parallel funds, feeder funds or alternative investment vehicles, “**Portag3 II**” and together with Portag3 I, the “**Portag3 Funds**”). The Portag3 Funds are globally focused venture funds investing in early-stage technology companies in the financial services sector, with particular focus on insurance, personal wealth management, SME finance, and AI-enablers.

Each of the SCP Funds, SHRP and the Portag3 Funds are hereinafter referred to as a “**Fund**”, and, collectively as the “**Funds**”.

In addition, Sagard Capital Partners Management Corp., an indirect wholly-owned subsidiary of PCC, provides investment advisory services to Sagard Capital Partners, L.P. (“**Sagard Capital**”), a Delaware limited partnership which to date has invested exclusively the balance sheet capital of Sagard Holdings in private and public equity securities. The

general partner of Sagard Capital is Sagard Capital Partners GP, Inc., a Delaware corporation.

Operationally-independent partly and wholly-owned subsidiaries of Sagard Holdings provide other investment advisory services. First, Sagard Europe (also known as Sagard SAS, the legal name of the French management company) advises Sagard Funds II, III and IV, all middle market private equity strategies focused on transformational growth projects in French-speaking Europe. The team invests in market-leading companies where a clear path has been identified to support growth organically or through acquisitions. Sagard Europe also advises Sagard NewGen, a small cap private equity strategy focused on healthcare, technology, and climate action opportunities in French-speaking Europe. Sagard Europe is exempted from registration with the SEC as an exempt reporting adviser. Second, a majority-owned subsidiary of Sagard Holdings, Grayhawk Investment Strategies Inc. (“Grayhawk”) offers investment management services to families with a focus on multi-generational wealth preservation. Grayhawk is based in Canada and serves successful Canadian families with custom portfolio management services, a family office hub and unique affinity partnerships. In addition, Sagard Holdings holds a partial interest in the general partners of two operationally-independent funds managed by Diagram Ventures. Diagram Ventures builds disruptive technology ventures from scratch in the financial and insurance sectors by combining venture capital investment, incubator-style support, and the competitive advantages of large incumbents in an entrepreneur-friendly model.

Sagard may, in the future, offer investment advisory services to other pooled investment vehicles, separately managed accounts or in respect of other investment products.

Sagard manages the Funds pursuant to investment guidelines set forth in the applicable governing and offering documents of the Funds, including limited partnership agreements, investment management agreements, private placement memoranda and/or subscription agreements (the “**Offering Documents**”). The Offering Documents of a Fund contain more detailed information about the Fund, including a description of the investment objective and strategy or strategies employed by the Fund and related restrictions that serve as a limitation on Sagard’s advice or management. Each investor (each an “**Investor**” and collectively the “**Investors**”) is advised to undertake appropriate due diligence, including but not limited to a review of the applicable Offering Documents, particularly in relation to the additional details about Sagard’s investment strategies, methods of analysis and related risks (which are excerpted in Item 8 of this Brochure) in considering whether Sagard’s advisory services or an investment in a Fund are appropriate to its own circumstances based on all relevant factors including, but not limited to, the Investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision. To the extent there is a conflict between the provisions of the Offering Documents and this Brochure, the applicable provisions of such Offering Documents will prevail.

Sagard does not tailor its advisory services in respect of the Funds to any one Investor or provide Investors with the right to specify, or restrict the Funds’ investment objectives or investment decisions, other than as disclosed in the Offering Documents. Accordingly, an investment in a Fund does not create a client-adviser relationship between such Investors

and Sagard. However, Sagard and/or the general partner of a Fund (each a “**General Partner**”) may enter into a side letter or other similar agreement, customary for private funds of a similar nature, in connection with an Investor’s investment in a Fund without the approval of any other Investor, which side letter or agreement would have the effect of establishing rights or altering or supplementing the terms of any Offering Documents including with respect to fees, co-investment rights or investor reporting. In addition, Sagard may in the future enter into separately managed accounts with individual Investors which may create a client-adviser relationship between such Investor and Sagard. Each of the Funds are expected to rely on the exceptions from the definition of an “investment company” provided by Section 3(c)(1) and/or Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”).

Each General Partner is ultimately responsible for decisions made on behalf of the relevant Fund, including those decisions made with respect to investment management. Each General Partner delegates investment management and advisory responsibilities for the relevant Fund to Sagard. Additional detailed information about Sagard is provided in this Brochure, including information about Sagard’s advisory services, investment approach, personnel and affiliations.

Sagard will not participate in wrap fee programs.

Sagard has approximately \$2,400,195,000 in regulatory assets under management, all on a discretionary basis, based on valuations conducted as of September 30, 2020 and capital commitments made as of December 31, 2020.

## **ITEM 5 – FEES AND COMPENSATION**

---

Sagard and/or its affiliates receive management fees from the Funds. The Funds may also indirectly incur or generate other fees payable to Sagard, depending on the nature of the portfolio activities. Certain fees generally will reduce management fees otherwise payable to Sagard as described below. Sagard and/or its affiliates also receive carried interest, performance fees, a performance allocation or analogous profit allocations (a “**Performance-Based Fee**”). Performance-Based Fees are discussed in Item 6.

The Funds may also bear certain out-of-pocket expenses incurred by Sagard in connection with the services provided. The following sections discuss the most common fees and expenses, each of which are described in more detail in the applicable Offering Documents for each Fund.

### **A. Management Fees**

As an investment adviser to the Funds, Sagard receives a management fee, at a rate which varies generally between 1.5% and 2.0% per annum and which is generally payable quarterly, as documented in the Offering Documents for each Fund. Depending upon the particular Fund, and as described in the Offering Documents for each Fund, the management fee may be paid to Sagard in advance or in arrears of the particular quarter. Additionally, Sagard may waive or reduce management fees for certain Investors at its discretion.

Except as disclosed in the Offering Documents of the Funds, Investors do not generally have the ability to individually terminate the investment advisory contracts between such Funds and Sagard.

*B. Portfolio Company Fees*

The Funds will take all steps reasonably necessary to ensure that any monitoring fees, consulting fees, advisory fees, director fees and other similar fees received from any portfolio company, net of any expenses relating to obtaining such fees and as set out in greater detail in the applicable Offering Documents will be applied to reduce current or future management fees payable by the Funds to Sagard.

*C. Expenses Applicable to the Funds*

Expenses that are typically borne by a Fund include organizational expenses which generally consist of all expenses (including legal, consulting, accounting, filing, printing, travel and related capital raising expenses) incurred in connection with the organization and funding of a Fund, provided that such expenses are less than or equal to the applicable organizational expenses cap set forth in the applicable Offering Documents.

In addition to organizational expenses, the Fund is also responsible for all reasonable expenses in connection with its operation, which typically includes:

- (a) fees to lawyers, custodians, auditors, accountants and other third-party professionals and consultants for services connected to the Offering Documents or any portfolio investment or proposed portfolio investment by a Fund, whether ultimately completed or not, including all expenses of the fund administrator, if any;
- (b) costs incurred with respect to the making of any investigation which might lead or does lead to any portfolio investment;
- (c) the management fee;
- (d) all transaction expenses; provided that, if a Fund co-invests in a portfolio investment with any Person (such Persons, "**Co-Investors**"), the General Partner shall use commercially reasonable efforts to cause such Co-Investors that committed to participate in a particular co-investment opportunity (whether consummated or not) to bear their proportionate share of any fees, costs or expenses related to such co-investment opportunity, including broken deal expenses; provided that, any fees, costs, or expenses related to co-investment opportunities (irrespective of whether such co-investment opportunities are ultimately consummated), including broken deal expenses, that are not borne by Co-Investors, shall be borne by the Fund and provided further that, in respect of an unconsummated co-investment opportunity, the General Partner shall use commercially reasonable efforts to ensure that a Co-Investor who does not agree to bear its pro rata share of Broken Deal Expenses will not be entitled to receive break fees in connection with the applicable unconsummated co-investment opportunity;

- (e) proper out-of-pocket expenses of members of an investor advisory committee;
- (f) other expenses determined by the General Partner of a Fund in its sole discretion to be necessary or desirable to carry out its duties under the Offering Documents, including costs of any meetings of Investors, reports given to Investors, tax returns and filing or other fees paid to government agencies;
- (g) all third-party expenses (including, but not limited to, software licenses, subscriptions to consulting services, commitment and financing fees, investment banking fees, interest expenses, commissions and other upfront and ongoing expenses) in each case related to a portfolio investment or proposed portfolio investment, whether or not completed;
- (h) taxes of the Partnership, including but not limited to (i) goods and services tax and harmonized sales tax, and not constituting direct tax obligations of the Investors (for greater certainty such taxes shall not include taxes on the income or capital gains of the General Partner of a Fund or any Affiliate) and (ii) all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund and other fees, charges and/or disbursements paid to any regulatory body;
- (i) amounts incurred for liability insurance for directors and officers of any member of the Fund or General Partner of the Fund or members of an investor advisory committee, in performing their obligations and duties consistent with the applicable Offering Documents;
- (j) all expenses relating to insurance maintained by or on behalf of the Fund;
- (k) subject to the Offering Documents of a Fund, extraordinary expenses, being those expenses incurred for the benefit of, or to defend, Sagard or any affiliate from time to time, the Fund, members of an investor advisory committee, or Investors, which by their nature are not, at the particular time, expected to be recurring expenses, including but not limited to costs of litigation, investigations or to the enforcement and protection of rights relating to the Partnership, as determined by the General Partner in its sole discretion;
- (l) subject to the Offering Documents, all indemnification amounts paid to an Indemnitee;
- (m) all expenses incurred in connection with the fulfilment of statutory or other compliance requirements directly related to a Fund;
- (n) all amounts required to satisfy any of the Fund's obligations and expenses in connection with any indebtedness entered into;
- (o) all currency conversion expenses;
- (p) all expenses related to the preparation of a Fund's returns, reports and accounts;



- (q) all expenses in connection with valuations conducted for Fund purposes;
- (r) all expenses of liquidating the Fund; and
- (s) such other reasonable expenses relating to the Fund, the Investors or an investor advisory committee as determined by the General Partner in its sole discretion and not otherwise specifically provided for in the Offering Documents.

The recipients of this Brochure should refer to the applicable Offering Documents of each Fund for specific information about fees and expenses to be borne by each specific Fund, which may vary from the above.

## **ITEM 6 – PERFORMANCE-BASED FEES**

---

Sagard or an affiliate may be entitled to a Performance-Based Fee from the Funds that may vary from Fund to Fund. Performance-Based Fees for each of the Funds are described in the applicable Offering Documents for each Fund and are generally customary for private funds of a similar nature. All Performance-Based Fees may be subject to modification, waiver or reduction. Performance-Based Fees may create certain risks and conflicts of interest, including those discussed further below.

In respect of a Fund, Performance-Based Fees generally represent a share of distributions made by a Fund in excess of the respective Investors' invested capital and a preferred return hurdle. Performance-Based Fees may also be subject to certain catch-up allocations and clawback provisions. The manner of calculation and application of Performance-Based Fees are disclosed in the Offering Documents for each Fund.

Performance fees or carried interest profit allocations are subject to regulation under Section 205 of the Investment Advisers Act of 1940 ("**Advisers Act**") and Rule 205-3 thereunder, whereby each Investor must be a "qualified client". Therefore, Sagard seeks to ensure that any Fund or Investors that are directly or indirectly subject to Performance-Based Fees satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks.

The existence of Performance-Based Fees may create potential conflicts of interest, including an incentive for Sagard to make investments on behalf of the Funds that are riskier than would be the case if Sagard or an affiliate were not entitled to receive such Performance-Based Fee, or to favor certain accounts based on pecuniary or compensatory interests. Sagard maintains policies and procedures, including its Code of Ethics, reasonably designed to mitigate these and other conflicts.

## **ITEM 7 – TYPES OF CLIENTS**

---

As further described in Item 4 above, Sagard provides investment advisory services to the Funds, each a privately offered pooled investment vehicle, and not individually to the Investors in the Funds. In addition, Sagard may, in the future, offer investment advisory services to other pooled investment vehicles, separately managed accounts or in respect of other investment products.

To the extent required under applicable securities laws and regulations, the Investors in the Funds are “accredited investors” in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and Regulation D promulgated thereunder. In addition, Investors in the Funds are “qualified purchasers” and/or “knowledgeable employees”, as such terms are defined in Section 2(a)(51) of the 1940 Act and Rule 3c-5 thereunder, respectively, and the rules and regulations promulgated thereunder.

Sagard generally imposes an initial investment minimum to invest in a Fund but may waive any such requirements at its discretion. Investors or clients may also be subject to additional qualifications based on, among other things, legal or regulatory requirements associated with the vehicle or investment strategy.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Sagard uses various methods of analysis and investment strategies in formulating its investment advice to the Funds. The discussion below is a summary and is not intended to be a complete description of Sagard’s methods, strategies or risks. A complete discussion is available in the relevant Offering Documents of each Fund. Any investment in securities involves a risk of loss that all Investors should be prepared to bear.

The investment strategy for each Fund is formulated by Sagard in a manner that reflects its investment philosophy and that is consistent with the investment objectives of each Fund.

As further described in Item 4 above, Sagard serves as investment adviser to the Funds, each of which uses one of three separate and distinct investment strategies: private credit, healthcare royalties and venture capital. Each of these investment strategies is further described below.

### **A. *Sagard Credit Partners***

The SCP Funds each make private credit investments primarily in secured loans predominantly in the non-sponsor backed middle market in Canada and the U.S. Sagard believes that the SCP Funds can generate attractive risk-adjusted returns in their target sector.

The SCP Funds seek to generate attractive returns through their differentiated investment strategy, including (but not limited to) Sagard’s proprietary and robust sourcing network, fluency with complex and bespoke transactions, non-sponsor focus, and flexible mandates. Furthermore, the SCP Funds seek to generate attractive returns on a risk-adjusted basis through a rigorous diligence process and disciplined transaction structuring. The SCP Funds will often seek to mitigate principal risk by investing in a senior secured position within the capital structure of a counterparty, and may further seek to mitigate risk by selecting companies with best-in-class management teams, strong business models in defensive industries, healthy cash flows, conservative capital structures and other structural protections. Investments generally will be sourced

directly/originated with borrowers, secured by the majority of the borrower's assets and governed by bespoke and highly structured credit documents.

*B. Sagard Healthcare Royalty Partners*

The investment objective of SHRP is to build a portfolio of investments primarily in approved and commercialized biopharmaceutical products, biotechnology, medical devices, laboratory and diagnostic products, tools and equipment companies, with such investments underpinned by strong intellectual property. SHRP will have a flexible mandate to include direct royalties, royalty-based debt and credit.

SHRP will focus on products which are medically necessary and treat critical and rare diseases. The products must be safe and efficacious with a clear value proposition for physicians, patients, and payors. The products must have strategic value to the company marketing the drug or medical device. SHRP's portfolio investments will be sourced directly from participants in the healthcare value chain, or through Sagard's broad network of intermediaries in the healthcare industry.

*C. Portag3 Ventures*

The Portag3 Funds' are focused on investments in innovative fintech companies with a focus on wealth advisory, asset management, personal finance, insurance, wellness, and other related or enabling verticals. The Portag3 Funds will generally invest in early-stage companies with a view to active engagement with management and with an aim to make select further follow-on investments over the long term.

The Portag3 Funds' investments are mainly sourced through the extensive networks of the Sagard ecosystem and the investment team of the Portag3 Funds. The Portag3 Funds leverage the network and industry knowledge of the partners and other members of the Portag3 Funds team, as well as those of its advisors and existing portfolio companies, to increase the likelihood of identifying promising investment targets at an early stage.

From time to time, the Portag3 Funds may make additional, more substantial investments in companies at a similar stage of development which may include the acquisition of a control position. While most investments will be geared to private companies, the Portag3 Funds may hold limited investments in publicly traded securities of portfolio companies that go public following the Funds' investment and other investment funds.

*D. Summary of Certain Investment Risk Factors*

An investment in a Fund involves a high degree of risk. The risk factors briefly summarized below are not applicable to all Funds and do not purport to be a complete list or explanation of all risks that may be relevant to an investment in a Fund. Prospective investors in a Fund should carefully consider the investment risks described in the Offering Documents of the applicable Fund which include a more detailed summary of the material risks relevant to an investment in such Fund, before deciding to purchase an interest in a Fund. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that the Funds will meet their investment objectives or otherwise be

able to successfully carry out their investment programs, or that an Investor in the Funds will receive a return of capital.

#### *1. Summary of Certain Adviser Risks*

##### ***Reliance on Sagard***

Each Fund will rely on the ability of Sagard to manage its assets. Investors generally have no right or power to take part in the management of a Fund, and control over the operation of a Fund, including decisions with respect to structuring, negotiating and purchasing, financing and disposing of investments on behalf of a Fund. Consequently, a Fund's performance will depend largely upon the business and investment acumen of the key persons of a Fund. The loss or reduction of service of one or more of the key persons could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the key persons of a Fund may manage or otherwise be involved in the activities of Sagard Holdings or an Other Sagard Client (as defined below) and they may need to devote substantial amounts of their time to the activities of such other entities, which may pose conflicts of interest in the allocation of the time of the key persons. In addition, certain changes in the personnel of Sagard or circumstances relating to Sagard may have an adverse effect on the Funds or one or more of its portfolio companies. The composition of the professionals making up particular investment teams may change over time, and the professionals included in such teams may no longer be members of the particular team or serve in the same or similar roles thereon (or may no longer be with Sagard, or may leave such team or Sagard during the life of the Funds).

##### ***Past Performance of Other Sagard Clients***

Certain of the Funds have limited or no prior operating history or track record. Accordingly, certain of the Funds do not have performance history for a prospective Investor to consider. Prospective Investors should bear in mind that the past performance of prior investments made by any Fund or an Other Sagard Client is not predictive or a guarantee of future results and that there can be no assurance that a newly formed Fund will achieve comparable results. Prospective investors should bear in mind that an investment in a Fund does not represent an interest in any Other Sagard Client. While Sagard intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved.

##### ***Other Sagard Funds and Products***

It is possible that not every opportunity suitable for a Fund will be allocated to it in whole or in part. Sagard Holdings and its affiliates have expanded, and may continue to expand, their investment advisory services beyond the Funds, including through single investor funds and accounts, overage funds and accounts, funds with different investment strategies, target investment sizes, geographic focuses or expected hold periods, special purpose acquisition companies and/or other specialized investment vehicles (such investment vehicles and mandates collectively, "**Other Sagard Clients**"), which could give rise to additional conflicts of interest not specifically described herein or the Offering Documents. Further, Sagard Holdings plans to continue to invest capital of third parties

and its affiliates in a wide variety of investment opportunities, which may include one or more investment vehicles or separately managed accounts that have investment strategies or objectives that overlap with the investment strategy or objectives of a Fund. As such, it is expected that some activities of the Other Sagard Clients may compete with a Fund for one or more investment opportunities that are consistent with a Fund's investment objectives, and in such circumstances, Sagard will allocate such opportunities (including any related co-investment opportunities) among the Fund and such Other Sagard Clients in a manner that is consistent with the Offering Documents and Sagard's written Investment Allocation Policy, as updated from time to time.

Accordingly, there can be no assurance that Sagard and its affiliates will identify or resolve all such conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a given Fund. The potential investments and activities of Other Sagard Clients may increasingly overlap with potential investments and activities of a Fund, and an Other Sagard Client may invest in the same portfolio companies as the Fund or in a target that could otherwise be suited for the Fund. There can be no assurance that all investment opportunities identified by Sagard and its affiliates will be available to a Fund.

Under certain circumstances, Sagard may determine not to pursue some or all of an investment opportunity within a Fund's mandate, including without limitation, as a result of business, reputational or other reasons applicable to a Fund, an Other Sagard Client or Sagard Holdings. In addition, Sagard may determine that a Fund should not pursue some or all of an investment opportunity, including, by way of example and without limitation, because the Fund has already invested sufficient capital in the investment, sector, industry, geographic region or markets in question, as determined by Sagard in its good faith discretion, or the investment is not appropriate for the Fund for other reasons as determined by Sagard in its good faith reasonable sole discretion. In any such case Sagard could, thereafter, offer such opportunity to other parties, including Other Sagard Clients or limited partners of the Fund, joint venture partners, affiliates or third parties.

With respect to timing for allocation decisions, Sagard makes such determinations at a time it determines to be appropriate. Such allocation decisions are expected to be based on Sagard's underwriting of the investment and the target return ranges for a Fund and any applicable Other Sagard Client. Such classifications frequently will be subjective in nature and will be based on a variety of assumptions made in good faith by Sagard at the time of its underwriting that may prove inaccurate. Information unavailable to Sagard, or circumstances not foreseen by Sagard at the time of allocation, may cause an investment opportunity to yield a different return than expected. For example, an investment opportunity that Sagard determines to be consistent with the return objectives of an Other Sagard Client rather than the Fund may not match Sagard's expectations and underwriting and generate an actual return that would have been appropriate for the Fund. Conversely, an investment that the Fund expects to be consistent with the Fund's return objectives may fail to achieve them. Accordingly, Sagard will face actual or potential conflicts of interest in making such determinations.

### ***Investing in Different Levels of the Capital Structure***

Subject to approval from an investor advisory committee where applicable, a Fund may invest in entities in which Sagard Holdings or an Other Sagard Client owns a direct or

indirect interest. Accordingly, it is possible that (i) a Fund may hold equity securities while another Fund may hold debt instruments of the same portfolio company or (ii) a Fund may hold a certain class of debt instruments while an Other Sagard Client holds a different class of debt instruments of the same portfolio company. In such circumstances, Sagard expects to be subject to conflicts of interest in determining the terms of such an investment and in managing a Fund's and such Other Sagard Client's investments in such portfolio company on a going-forward basis. Conflicts may arise between a Fund and an Other Sagard Client in the negotiation of material terms and in the management of the investment in such portfolio company.

## *2. Summary of Certain Investment Risks related to the SCP Funds*

### ***Investments in Private Companies***

The SCP Funds may make investments in securities and/or other instruments, including loans, notes, bonds, debentures or other debt instruments, issued by privately held companies. Such investments involve a high degree of business and financial risk that can result in substantial losses, including that: (i) private companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors such as the SCP Funds dependent on any guarantees or collateral they may have obtained, (ii) private companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns, (iii) there may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality, (iv) private companies are more likely to depend on the management talents and efforts of a small group of persons, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations, and (v) such debt instruments may potentially have limited or no maintenance financial covenants which may hinder the ability to reprice credit risk associated with the private company's performance and mitigate potential loss.

### ***Lack of Sufficient Investment Opportunities***

The success of the SCP Funds will depend, in part, on the ability of Sagard to identify, structure and complete private credit investments on advantageous terms. In advising the SCP Funds, Sagard will encounter competition from other entities having similar investment objectives. Potential competitors include a broad spectrum of lenders and sources of capital, including other investment partnerships, corporations, strategic industry acquirers, hedge funds and other financial investors, many of which may have more relevant experience, more personnel, greater financial resources, a greater willingness to take on risk and which may be more well-established than Sagard. In addition, private funds with similar investment objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the SCP Funds and/or adversely affecting the terms upon which investments may be made. To the extent that the SCP Funds encounter competition for investments,

returns to Investors may decrease. In addition, it is possible that the SCP Funds will never be fully invested if not enough sufficiently attractive investments are identified.

### ***Lack of Diversification***

In advising the SCP Funds, Sagard will make a limited number of investments. A consequence of a limited number of investments is that poor performance by even a single investment in SCP I or SCP II could severely affect total returns of SCP I or SCP II, respectively. In this regard, a default under a small number of investments could have a material adverse effect on the aggregate returns realized by the Investors in respect of their investments in an SCP Fund. If certain investments perform unfavorably in an SCP Fund, then in order for that SCP Fund to achieve above-average returns, one or a few of its investments must perform very well, and there can be no assurances that this will be the case. To the extent that the capital raised is less than the targeted amount, an SCP Fund may invest in fewer portfolio companies and thus be less diversified. Sagard has established aggregate commitment levels for a particular investment in a portfolio company for the SCP Funds, whereby an SCP Fund will not exceed a certain percentage of its aggregate commitments in any single portfolio company and its affiliates (including contingent liabilities under guarantees and follow-on investments) without the prior approval of the particular SCP Fund's LP Advisory Committee. It is important for a Prospective Investor to review the Offering Documents for each SCP Fund in order to understand the specific aggregate commitment levels.

Subject to the investment restrictions in the Offering Documents of each SCP Fund, Sagard may seek to make investments in limited industry segments, in Canada and the U.S. and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, one or more of the SCP Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of an SCP Fund's investments, may substantially affect such SCP Fund's aggregate return.

### ***Illiquidity; Restrictions on Transfer or Withdrawal; Lack of Current Distributions***

An investment in the SCP Funds will be illiquid and involves a high degree of risk. A public market does not currently exist for the SCP Funds and one is not expected to develop. An investment in the SCP Funds is suitable only for certain sophisticated investors that have, and will have, no need for immediate liquidity in respect of their investment and who can accept the risks associated with making illiquid investments. In addition, Investors will generally not be permitted to transfer their interests in an SCP Fund without the consent of Sagard, which may be granted or withheld in Sagard's sole and absolute discretion. Furthermore, the transferability of the interests of an SCP Fund will be subject to certain restrictions contained in the Offering Documents of each SCP Fund.

The investments of the SCP Funds are likely to be illiquid and long-term. Illiquidity may result from the absence of an established or liquid market for investments as well as legal and contractual restrictions on their resale by the SCP Funds. Even if the investments of the SCP Funds prove successful, they are unlikely to produce a realized return to the Investors for a period of years and it is uncertain as to when profits, if any, will be realized.

Although most investments of an SCP Fund are expected to generate current income, such investments may take several years from the date of the initial investment to reach a state of maturity when realization of such investments can be achieved. In addition, there can be no assurances that any distributions of current income will be made due to various factors, including incurrence of expenses and liabilities, potential nonperformance or write-downs of investments, or changes in the market for debt obligations. Furthermore, the expenses of operating the SCP Funds (including the management fee payable to Sagard) may exceed its income, thereby requiring that the difference be paid from the applicable SCP Fund's capital, including, unfunded commitments.

### ***Use of Leverage***

As described in the Offering Documents of each SCP Fund, SCP I and SCP II may incur fund-level indebtedness pending capital contributions under such terms as such SCP Fund may elect, including, but not limited to, on a joint and several basis with parallel partnerships and alternative investment vehicles, and subsidiaries and other entities in which the SCP Funds have an investment. There can be no assurance, however, that any such entity will be able to obtain adequate financing for its purposes. Further, an SCP Fund may issue guarantees in the name of such SCP Fund. Such use of leverage generally magnifies both the SCP Fund's opportunities for higher returns and its risk of loss from a particular investment. The extent to which an SCP Fund uses leverage may have important consequences to Investors, including the following: (i) greater fluctuations in the net assets of the SCP Fund, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions, or other purposes, (iii) to the extent that the SCP Fund's revenues are required to meet principal payments, investors may be allocated income (and therefore incur tax liability) in excess of cash available for distribution, (iv) in certain circumstances an SCP Fund may be required to prematurely harvest investments to service its debt obligations, (v) limitations on the flexibility of an SCP Fund to make distributions to Investors or sell assets that are pledged or charged to secure the Indebtedness, and (vi) increased interest expense if interest rate levels were to increase significantly. There can also be no assurance that an SCP Fund will have sufficient cash flow to meet its debt service obligations. As a result, an SCP Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

### ***General Economic and Market Conditions***

The credit market generally and the success of Sagard's investment activities on behalf of the SCP Funds specifically will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in law and national and international political circumstances. Such factors are unpredictable and cannot be controlled by Sagard. General fluctuations in the market prices of securities and/or other instruments, instability in the credit and securities markets and economic conditions generally may reduce the availability of attractive investment opportunities for the SCP Funds, may increase the risks inherent in the SCP Funds' investments and could have a negative impact on the performance and/or valuation of the SCP Funds' investments.



Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the SCP Funds' performance. The impact of market and other economic events may also affect the SCP Funds' ability to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to the SCP Funds in respect of certain portfolio investments.

### ***Foreign Investment Risk***

Each SCP Fund may invest up to a specified percentage (including contingent liabilities under guarantees and follow-on investments) in entities which have principal operations or assets located outside of Canada and the U.S. ("**Foreign Investments**"). Investing in Foreign Investments involves considerations and possible risks not typically involved in investing in Canadian or U.S. companies, including currency exchange matters, exposure to fluctuations in interest rates, differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters, differences in credit and securities markets, the absence of uniform accounting and financial reporting standards, certain economic, social and political risks, differing and potentially less developed corporate laws, differences in the legal and regulatory environment, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in or outside of Canada or the U.S.) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect Foreign Investments. Higher expenses may result from such Foreign Investments because of the costs that must be incurred in connection with conversions between various currencies and the U.S. dollar. Markets outside of Canada or the U.S. also may be less liquid, more volatile and less subject to governmental supervision than those in Canada or the U.S., as applicable. The SCP Funds might have greater difficulty taking appropriate legal action in courts outside of Canada or the U.S. As a result, the value of certain of the investments of an SCP Fund may fluctuate to a greater degree by making Foreign Investments than if such SCP Fund limited its investments to Canadian or U.S. companies.

### ***Business Risks Associated with Loans to Companies***

A fundamental risk associated with the SCP Funds' investment strategy is that the portfolio companies will be unable to make principal and interest payments when due, or at all. Such non-payment would likely result in a reduction of income to an SCP Fund and a reduction in the value of the investments experiencing nonpayment. The operating and financial performance of any portfolio company could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, an economic downturn or legal, tax or regulatory changes. Portfolio companies that Sagard expects to remain stable may in fact operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may be in a weak financial condition or experience financial distress.

Portfolio companies may be highly leveraged and there may be no restriction on the amount of debt a portfolio company can incur. Substantial indebtedness may add

additional risk with respect to a portfolio company, and could (i) limit its ability to borrow money for its working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes, (ii) require it to dedicate a substantial portion of its cash flow from operations to the repayment of its indebtedness, thereby reducing funds available to it for other purposes, (iii) make it more highly leveraged than some of its competitors, which may place it at a competitive disadvantage, and/or (iv) subject it to restrictive financial and operating covenants, which may preclude it from favorable business activities or the financing of future operations or other capital needs. In some cases, proceeds of debt incurred by a portfolio company could be paid as a dividend to shareholders rather than retained by the portfolio company for its working capital. Leveraged companies are often more sensitive to declines in revenues, increases in expenses, and adverse business, political, or financial developments or economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such companies or their industries. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

If a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, it may be forced to take other actions to satisfy its obligations under its indebtedness. These alternative measures may include reducing or delaying capital expenditures, selling assets, seeking additional capital, or restructuring or refinancing indebtedness, all of which could significantly reduce the value of the investment in such portfolio company. If such strategies are not successful and do not permit the portfolio company to meet its scheduled debt service obligations, such portfolio company may also be forced into liquidation, dissolution or insolvency and the value of the investment in such portfolio company could be eliminated. There can be no assurance that the liquidation of any collateral of such portfolio company would satisfy its obligation in the event of non-payment of with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of an issuer, the Funds could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment.

Under certain circumstances, collateral securing an investment may be released without the consent of an SCP Fund. Moreover, an SCP Fund's secured loans may be unperfected for a variety of reasons, including the failure to make required filings and, as a result, the SCP Funds may not have priority over other creditors as initially anticipated. Furthermore, an SCP Fund's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of other secured lenders with respect to some or all of the assets of a portfolio company. Certain investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, a company's ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

Certain investments may have maturities longer than the maturity of the particular SCP Fund holding such investments. Furthermore, an SCP Fund may, in connection with collateral held by it, acquire equity or other investment securities in a portfolio company in connection with a credit investment, which, to the extent such securities have value, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely

that significant distributions to Investors will occur for a number of years from the date of the applicable capital contributions, and certain investments may be disposed of upon dissolution of the Funds for less than their potential value.

### ***Risk of Borrower Fraud***

An SCP Fund may originate loans. Loans originated or acquired by an SCP Fund are subject to the risk of material misrepresentation or omission on the part of borrowers. The quality of the investments in loans is subject to the accuracy of representations made by borrowers. Misrepresentations or omissions by borrowers may adversely affect what Sagard or an SCP Fund believe to be the value of the collateral underlying the loans or enterprise value of the companies or may adversely affect the ability of an SCP Fund or its affiliates to perfect or effectuate a lien on the collateral securing the loans. Sagard and the SCP Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Accordingly, the SCP Funds are subject to the risk that the systems used by the originators of loans to minimize borrower misrepresentations or omissions are defective. Under certain circumstances, payments to the SCP Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

### ***Uncertain Exit Strategies***

Due to the illiquid nature of some of the positions in which Sagard expected to acquire for the SCP Funds, Sagard is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political or other factors.

### ***High Yield Securities and Instruments***

In managing the SCP Funds, Sagard is likely to invest the assets of the SCP Funds in high yield or non-investment grade securities and/or other instruments. Such securities and other instruments are generally not exchange-traded and, as a result, these securities and other instruments trade in the over-the-counter marketplace, which is less transparent and less liquid than the exchange-traded marketplace. In addition, Sagard may invest the assets of the SCP Funds in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Noninvestment grade securities and other instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated securities and other instruments tend to reflect individual corporate developments to a greater extent than do higher-rated securities and other instruments which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities and other instruments. Companies that issue such securities and other instruments are often highly leveraged and may not have available to them more traditional methods of financing. A major economic recession could severely disrupt the market for such

securities and other instruments and may have an adverse impact on the value of such securities and other instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities and other instruments to repay principal and pay interest thereon and increase the incidence of default of such securities and other instruments.

### ***Mispriced Securities and Instruments***

The identification of investment opportunities that are mispriced by the market is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in mispriced securities and other instruments offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the SCP Funds' portfolio investments may not adequately compensate for the business and financial risks assumed.

Sagard may make certain speculative investments on behalf of the SCP Funds in securities and/or other instruments which Sagard believes to be mispriced by the market. However, there are no assurances that the securities and/or other instruments purchased are in fact mispriced by the market. In addition, an SCP Fund may be required to hold such securities and/or other instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of such SCP Fund's capital would be committed to the securities and/or other instruments purchased, thus possibly preventing such SCP Fund from investing in other opportunities. In addition, the SCP Funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security or other instrument the value of which will be less than the purchase price to the SCP Funds of the security or other instrument in respect to which such distribution was made.

In certain transactions, the SCP Funds may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

### ***Distressed Investments***

Sagard may invest the assets of certain of the SCP Funds in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and/or material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. The level of analytical sophistication, both financial and legal, necessary for successful

financing to entities experiencing significant business and financial difficulties is unusually high and there is no assurance that Sagard will correctly evaluate the value of the assets collateralizing the SCP Funds' loans or the prospects for a successful reorganization or similar action. The market prices of such investments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and ask prices of such investments may be greater than those prevailing in other markets. It may take a number of years for the market price of such investments to reflect their intrinsic value. In the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Funds may lose some or all of its investment or may be required to accept illiquid securities or other instruments with rights that are materially different than the original securities or other instruments in which the SCP Funds' invested.

### *3. Summary of Certain Investment Risks related to SHRP*

#### ***Inability to Meet Investment Objective or Investment Strategy***

SHRP is intended for long-term investors who can accept the risks associated with investing in assets that have significant risks as a result of business, financial, market or legal uncertainties. The success of SHRP depends on Sagard's ability to identify and select appropriate investment opportunities, as well as SHRP's ability to acquire those investments. There can be no assurance that SHRP will achieve its investment or performance objectives, including its targeted returns, or that Sagard will be successful in identifying a sufficient number of suitable investment opportunities to fully deploy SHRP's available capital. The possibility of partial or total loss of SHRP's capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.

#### ***Competitive Environment***

The business of investing in assets meeting SHRP's investment objective is highly competitive. Competition for investment opportunities includes a growing number of non-traditional participants, such as hedge funds, private equity managers, infrastructure funds, and other private investors, as well as more traditional lending institutions and competitors. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than SHRP, and thus these competitors may have advantages not shared by SHRP. Increased competition for, or a diminishment in the available supply of, investments suitable for SHRP could result in lower returns on such investments. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. SHRP may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors.

#### ***Product Development Risk***

The success of certain portfolio investments of SHRP may be dependent upon obtaining approvals from regulatory authorities. SHRP may make investments in products

undergoing development or clinical trials that have not yet received marketing approval by any regulatory authority. The research, development, preclinical and clinical trials, manufacturing, labelling, and marketing related to a life sciences company's products are subject to extensive regulatory approval processes by the Food and Drug Administration (the "FDA"), the European Medicines Agency (the "EMA"), and other regulatory agencies. The process for obtaining required regulatory approvals, including the required preclinical and clinical testing and/or a favorable product label, is very lengthy, costly, and uncertain. There can be no assurance that the FDA, the EMA, or other regulatory authorities will approve such products, or that such products will be brought to market in a timely manner or at all. If a company is unable to obtain necessary regulatory approvals in a timely fashion or at all, or if after approval for marketing, a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the value and performance of SHRP's investment in or related to such product or company may be materially adversely affected.

### ***Withdrawal Risks***

After obtaining regulatory approvals and being introduced to the market, a product may still be subject to withdrawal from the market at the request or direction of the FDA, EDA or other regulatory agencies. Further, a product may be voluntarily withdrawn from the market for a variety of reasons, including medical, technical, regulatory, commercial or other reasons. A withdrawal, either at the request of a regulatory agency, or by the portfolio company directly, would impair SHRP's investment.

### ***Product Competition***

The life sciences industry and the markets for pharmaceutical and biotechnology products are highly competitive and rapidly evolving. Each product is subject to competition from alternative products or procedures that are available on the market or may in the future be developed or become available, any of which may cause a product to become more expensive than its competitors and/or obsolete, thereby decreasing the value of or rendering worthless the expected royalty stream on that product. Sales of the products and a portfolio company's ability to maintain competitive positions are partly dependent on the success of marketing efforts.

Although products may be based upon patents or statutory marketing protection that confer exclusive rights, the FDA, EDA or other regulatory authority may authorize a third party to market a generic substitute or a biosimilar version of a product, or a third party may otherwise circumvent such exclusive rights, in which case the product would become subject to competition from such generic or biosimilar product, which may be sold at significantly lower prices than the product. Governmental and other pressures to reduce healthcare and related costs, including from third party payors such as health maintenance organizations and health insurers, could result in physicians or pharmacies increasingly using generic and/or biosimilar products. SHRP may also invest in products which are themselves general alternatives. Generic pharmaceutical products face intense competition from brand-name companies that sell or license their own generic products or seek to delay the introduction of generic products.

### ***Concentration of Investments***

Except as set forth in the Offering Documents, SHRP is generally not limited in the amount of capital that may be committed to any one investment, or sector. As such, the assets of SHRP may not be diversified. Any such non-diversification would increase the risk of loss to SHRP if there was a decline in the market value of any security, category or asset class in which SHRP had invested a large percentage of its assets. If a large portion of the assets of SHRP is held in cash or similarly liquid form, SHRP's performance would likely be adversely affected. Investment in a non-diversified fund will generally entail greater risks than investment in a "diversified" fund.

### ***Investments***

Sagard will have broad discretion in making investments. The investments of SHRP will generally be in assets that have significant risks as a result of business, financial, market or legal uncertainties. There can be no assurance that Sagard will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on the investments of SHRP. Prices of the investments are often volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, are likely to affect the results of SHRP's activities and the value of the investments significantly. Past performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. Similarly, the performance of other funds managed by Sagard may not be indicative of the results that SHRP may be able to achieve with the investments of SHRP in the future. An investor may lose money by investing in the ICAV.

### ***Investments in non-U.S. Issuers***

SHRP may invest in the securities of non-U.S. issuers. On occasion, there is less information publicly available about a non-U.S. issuer than about a U.S. issuer, and non-U.S. issuers are not generally subject to accounting, auditing and financial reporting standards and practices comparable to those in the United States. In addition, with respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of SHRP, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. Bankruptcy law and process in non-U.S. jurisdictions often differ substantially from that in the United States, which will often result in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganisation timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganisation remains highly uncertain, while some other developing countries have no bankruptcy laws enacted, adding further uncertainty to the process for reorganisation.

#### *4. Summary of Certain Investment Risks related to the Portag3 Funds*

##### ***No Assurance of Profit, Cash Distributions, Appreciation or Liquidity***

Early stage capital investment, the focus of the Portag3 Funds, is that segment of the venture capital business with the highest degree of investment risk. Portfolio companies may have no operating history, unproven technology, untested management and unknown future capital requirements. These companies typically face intense competition, often from established and more experienced companies with much greater financial and technical resources, more marketing and service capabilities and a greater number of qualified personnel.

The inherent nature of early-stage investing dictates a significant length of time between the initial investment and realization of gains, if any. Early stage investments, if successful, typically take five years or more from date of investment to reach a state of maturity where disposition is possible. If disposition is possible at this point, it may not be desirable as the company may not have reached its full potential. Investments in early-stage companies can take even longer to reach liquidity or may never become liquid. Investments in early-stage companies typically involve securities that are subject to statutory and contractual restrictions on resale. Moreover, portfolio companies generally do not pay dividends and may experience difficulties in making debt service payments. Consequently, this is an inappropriate investment for investors seeking liquidity or short-term cash return.

Sagard anticipates a long time period between the initial capitalization of the Portag3 Funds and the times when the Investors may receive distributions, if any. Moreover, any distributions may be subject to further liquidation or resale restrictions.

Therefore, there can be no assurance that the Portag3 Funds will realize net profits or achieve returns commensurate with the risks associated with their investments, or that the Portag3 Funds will not experience losses, which may be substantial, in their investments. If any Portag3 Fund experience losses, the expenses of operating such Portag3 Fund may exceed its income, which may further reduce the its capital.

It is currently expected that the Portag3 Funds will invest primarily in the equity securities of private companies and, to a limited extent, will hold investments in portfolio companies that subsequently go public. As a result, there generally will be limited or no marketability of the investments of a Portag3 Fund and such investments may decline in value while such Portag3 Fund is seeking to dispose of them. Furthermore, a Portag3 Fund may find it necessary to sell investments at a discount or to sell over extended periods of time when disposing of its portfolio investments. Therefore, it is expected that a Portag3 Fund's investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such investments will depend upon many factors beyond Sagard's control.

##### ***Concentration and Number of Investments***

Pursuant to the investment objectives of the Portag3 Funds, each Portag3 Fund plans to invest entirely in financial, insurance and health services technology portfolio companies or in VC funds that invest in these sectors. A specific investment focus has inherent risks



and could cause an investment in the Portag3 Funds to be more susceptible to a particular economic, political, regulatory, technology or industry condition compared with another fund which has a more diversified or broader investment focus (either geographically and/or industry-based). In addition, because of the focused investment strategy, there may be fewer opportunities for investment available to the Portag3 Funds than to other funds. The value of the Portag3 Funds' investments and its profitability may be materially affected by a single adverse event affecting a portfolio company or a sector in which the Portag3 Funds may invest, or an economic downturn in the Portag3 Funds' target markets.

### ***Highly Competitive Market***

The sectors in which the Portag3 Funds will invest are poised to experience accelerating technological and business model innovation. If this occurs, these sectors will be characterized by a highly competitive market and extremely fast-paced changes. The Portag3 Funds anticipate that their portfolio companies will compete against some firms with greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a larger number of qualified managerial and technical personnel. There can be no assurance that the companies in which the Portag3 Funds invest will survive, be profitable or become a candidate for an exit transaction at all, or on terms that will be beneficial to the interest of the Portag3 Funds.

### ***Availability of Investment Capital***

Early-stage companies often require several rounds of significant capital infusions before reaching profitability and/or a stage of maturity where a disposition may be possible. The portfolio companies of the Portag3 Funds may require additional financing, beyond what the Portag3 Funds can provide, to satisfy their working capital requirements, support expansion and achieve and maintain a competitive position. There is no assurance that such additional sources of financing will be available or, if available, will be on terms beneficial to the portfolio company and/or in the interest of the relevant Portag3 Funds. In the event that a portfolio investment raises further capital, it may result in significant dilution of the interest of the Portag3 Funds in such portfolio investment.

### ***Competition for Business Relationships; No Restriction on Competition***

The Investors, and/or their respective associates, affiliates, directors, employees or advisors, may have business relationships with competitors of portfolio companies. In addition, the Investors may themselves pursue business models that are similar to, or competitive with, the business models pursued by portfolio companies. In these situations, the motivation of the Investors to support and collaborate with portfolio companies may be lessened.

### ***Effects of Bankruptcy***

The Portag3 Funds may invest in portfolio companies that become subject to voluntary or involuntary bankruptcy proceedings, which could result in a number of risks, including the potential total loss of the value of a Portag3 Fund's investment in a portfolio company.

### ***Foreign Currency Risk***

The portfolio investments of the Portag3 Funds may include a significant proportion of securities valued in U.S. dollars, European euros or other foreign currencies, and the Fund may also choose to hold a portion of its uninvested capital in one or more foreign currencies. Accordingly, the net asset value of interests in the Portag3 Funds, when measured in Canadian dollars, will, to the extent this has not been successfully hedged against, be affected by changes in the value of the U.S. dollar, European euro or other foreign currencies relative to the Canadian dollar. No assurance can be given that a Portag3 Fund will not be adversely affected by changes in foreign exchange rates or other factors, regardless of whether the Fund attempts to hedge against the impact of such changes.

### ***Legal and Regulatory Issues Relating to Portfolio Investments***

The investment objectives of the Portag3 Funds target investments in companies operating within highly regulated business sectors. While Sagard will conduct due diligence regarding compliance with applicable laws and regulations, some of the portfolio companies may operate in regulatory gaps or sandboxes or as part of a regulatory pilot project which could expose such portfolio companies to legal or regulatory enforcement actions that could materially adversely affect the value of such portfolio investments.

In addition, certain of the portfolio companies of the Portag3 Funds may hold crypto assets or be engaged in activities relating to crypto assets. The laws applicable and the regulatory approaches to such activities remain unclear, and such activities could become subject to restrictive laws, regulations or legal or regulatory action (in Canada or elsewhere) that could materially adversely affect the value of these portfolio investments.

## ***5. Summary of Certain General Risk Factors***

### ***Cyber Security Breaches and Identity Theft***

The information and technology systems of Sagard and the portfolio companies of the Funds may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Sagard and its affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Sagard, the Funds and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Sagard, the Funds and/or a portfolio company and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors in the Funds (and the beneficial owners of Investors in the Funds). Such a failure could harm the reputation of Sagard, the Funds and/or a portfolio company, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

### ***Agreements with Certain Investors***

The General Partner may enter into a side letter or other similar agreement with a particular Investor in connection with its admission to a Fund without the approval of any other Investor, which would have the effect of establishing rights under, altering or supplementing the terms of the Offering Documents with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors in the Fund, and such rights may be significant. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse, exclusion or withdrawal rights applicable to particular investments or Investors (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, certain investments), (ii) reporting obligations of the General Partner of a Fund, (iii) waiver of certain confidentiality obligations, (iv) consent of the General Partner of a Fund to certain transfers by such Investor, (v) rights to participate in co-investment opportunities or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Limited Partner.

### ***Co-Investments***

Sagard will endeavor to provide co-investment opportunities to certain Investors and third parties. Sagard may also offer co-investment opportunities to a Sagard affiliate (including any person directly owned or controlled by PCC), whether or not such Sagard affiliate is an Investor in the applicable Fund, provided that prior to offering a co-investment opportunity to any such affiliate, Investors, if any, that are qualified to obtain a priority co-investment allocations has been provided the opportunity to elect to be allocated up to its pro rata share of the co-investment opportunity.

Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by Sagard in its sole discretion, may not be in the best interests of a particular Fund or any individual Investor. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, Sagard may consider some or all of a wide range of factors, which may include: the ability of an investor to react promptly to co-invest opportunities, any strategic advantages that may result from an Investor's participation in a co-investment opportunity, an Investor's commitment to the Funds, and/or the likelihood that an Investor may invest in a future fund sponsored by Sagard or its affiliates. Sagard or one of its affiliates may also, in their sole discretion, charge a management fee and/or obtain a "carried interest" in respect of any such co-investment. Since co-investments will not be made through the Funds, any compensation received in connection with a co-investment does not arise out of the investment activities of the Funds or actions taken directly or indirectly by Sagard and its affiliates on behalf of the Funds and, therefore, none of such fees and other co-investor-related compensation reduces the management fee paid by a particular Fund.

Co-investments with third parties through partnerships, joint ventures or other entities or arrangements may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time

have economic or business interests or goals that are inconsistent with those of a particular Fund, may have financial difficulties (which may increase the possibility of default), or may be in a position to take (or block) action contrary to the investment objectives of a particular Fund.

### ***Performance-Based Fees***

Sagard and/or its affiliates entitlement to Performance-Based Fees, which is based on a percentage of net profits, may create an incentive for Sagard to cause one or more of the Funds to make riskier or more speculative investments or to hold an investment longer than it would otherwise in the absence of such performance-based compensation. In addition, the method of calculating Performance-Based Fees may result in conflicts of interest between Sagard and the Investors with respect to the management and disposition of investments and the determination of the timing and amount of distributions by a particular Fund.

### ***Valuation of Assets***

There is not expected to be an actively traded market for most of the securities and other instruments owned by the Funds. When estimating fair market value, Sagard and/or any person retained by Sagard or an affiliate thereof will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities and other instruments 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 other instruments and may differ from the prices at which such securities and other instruments ultimately may be sold. The exercise of discretion in valuation by Sagard and/or any person retained by Sagard or an affiliate thereof may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

### ***Material Non-Public Information.***

From time to time, the Sagard and/or its affiliates may come into possession of confidential or material, non-public information concerning specific companies, including as a result of certain employees serving on or observing the boards of directors of portfolio companies. Such information may limit Sagard's flexibility to buy or sell securities issued by such companies. One or more of the Funds' investment flexibility may be constrained as a consequence of the Sagard's inability to use such information for investment purposes, and the Funds may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken. Due to these restrictions, Sagard on behalf of the Funds, may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

### ***Public Health Risks – Coronavirus (COVID-19)***

The outbreak of the novel coronavirus (“**COVID-19**”) globally is adversely impacting global commercial activity and has contributed to significant volatility in financial markets. The

global impact of the outbreak has been rapidly evolving, and many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global demand and supply chains and are adversely impacting a wide range of different industries. While the longer-term scope of the potential impact COVID-19 on global markets is not yet clear, COVID-19 pandemic and any other outbreak of any infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on economic and market conditions and trigger a period of global economic slowdown. Any such economic impact could materially adversely affect the performance of one or more of a Fund's investments and on the business, financial condition and results of operations of portfolio companies, particularly those portfolio companies that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in one or more of the Funds and/or the portfolio companies of a Fund being subject to margin calls or being required to repay indebtedness or other financial obligations immediately in whole or in part, together with any attendant costs, and such Fund and/or such portfolio companies could be forced to sell some of their assets to fund such costs. In the event of any such consequences, a Fund could lose both invested capital in and anticipated profits from the affected investment. As a result, COVID-19 presents material uncertainty and risk with respect to the Funds' overall performance and financial results. In addition, the resulting financial and economic market uncertainty may adversely affect the valuations of investments made by the Funds.

#### **ITEM 9 – DISCIPLINARY INFORMATION**

---

Neither Sagard nor any of its officers or employees have been sanctioned or disciplined by any federal securities or commodities regulatory agency, self-regulatory organization or state for any violation of their statutes, regulations or rules nor have they ever been involved in any civil or criminal action relating to any violation of the federal or state securities or commodities laws.

#### **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

---

Neither Sagard nor any of our management persons is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer with the SEC.

Neither Sagard nor any of our management persons is registered or has an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The General Partners are affiliated entities of, and under common control with, Sagard.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION/INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

---

### A. Code of Ethics and Regulatory Compliance Manual

Pursuant to Rule 204A-1 of the Investment Advisers Act, Sagard has adopted a Regulatory Compliance Manual (the “**Manual**”), including a Code of Ethics (the “**Code of Ethics**”) which provides for guidelines, policies and procedures intended to avoid any appearance of impropriety and remain in full compliance with applicable securities laws and the highest standard of ethics. The Code of Ethics was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees’ and its principals’ trading activity. Among other items, the Code of Ethics establishes various procedures including with respect to investment transactions in accounts (“**Covered Accounts**”) in which any of Sagard’s employees have discretionary investment authority or exercise effective influence or control over reportable securities. A copy of the Code of Ethics is available to any Investor or prospective Investor upon request.

The foundation of the Code of Ethics is based on the underlying principles that employees must:

- adhere to the highest standards with respect to identifying, mitigating and resolving potential conflicts of interest relating to a Fund;
- ensure all personal securities transactions are executed in a manner consistent with the Code of Ethics;
- not take inappropriate advantage of their position; and
- report any violations of the Code of Ethics or the Manual.

The Code of Ethics and the Manual address a variety of topics, some of which are summarized below:

#### 1. *Personal Trading Policy and Reporting of Transactions*

Covered Account transactions in certain types of securities require pre-approval by the CCO. Requests to trade in public securities are reviewed against Sagard’s restricted list. Employees must obtain pre-approval from the CCO before participating in an initial public offering or private placement.

#### 2. *Gifts and Entertainment*

The Code of Ethics provides that gifts and entertainment must be reasonable in light of industry practices and should never be given or received if the purpose is to influence the recipient. Sagard requires employees to report or receive approval for the receipt or giving of gifts and entertainment under certain circumstances.

#### 3. *Political Activities*

The Code of Ethics also generally requires employees to obtain prior approval before the employee, a spouse or certain other immediate family members makes certain types of

political contributions or engages in certain campaign-related fundraising activities. This policy is intended to prevent scenarios whereby an employee may make a contribution or engage in a fundraising activity for the selection of Sagard as an investment adviser for a governmental entity.

#### *4. Outside Business Activities*

The Code of Ethics provides that, without prior approval, employees are generally not permitted to engage in certain types of outside business activities. This policy is intended to prevent material conflicts of interest that could arise from an employee's personal activities.

##### *B. Participation or Interest in Client Transactions*

Sagard provides ongoing portfolio management services for the Funds. Sagard's investment professionals are responsible for monitoring and managing each respective Fund's investment portfolio in accordance with the particular Fund's investment objectives and limitations and as set forth in each Fund's Offering Documents. In addition, Sagard and/or its affiliates and employees typically invest in each Fund or alongside each Fund.

Sagard is subject to restrictions disclosed to investors in the applicable Offering Documents relating to principal transactions and other affiliated transactions, in which Sagard or its affiliates or employees may have interests that are adverse to, or in any event potentially not aligned with, the interests of a Fund.

The Offering Documents of each Sagard Fund will generally prohibit affiliated transactions with certain limited exceptions without the prior approval of either the investor advisory committee of the applicable Fund or the investors of the applicable Fund. A Fund may enter into a transaction with an affiliate if the transaction complies with the Fund's Offering Documents prior to entering into such transaction.

In circumstances where an entire investment could be made by a Fund, Sagard may nonetheless make a portion of such investment available to a co-investor in accordance with the Fund's Offering Documents or to an Other Sagard Client in accordance with Sagard's Investment Allocation Policy. The potential for conflicts of interest to arise in respect of co-investment opportunities is described in greater detail in Item 8 above.

##### *C. Privacy Policy*

Sagard is committed to maintaining the confidentiality, integrity and security of its Investors' personal information. It is Sagard's policy to collect only information necessary or relevant to its management business and use only legitimate means to collect such information. Sagard does not disclose any non-public, personal information about its underlying Investors to anyone except for servicing and processing transactions and as required by law. Sagard restricts access to non-public, personal information about its Investors to those employees and third-party service providers with a legitimate business need for the information. Sagard maintains security practices, physical, electronic and procedural safeguards to guard each Investor's non-public, personal information. Upon request, Sagard will provide a copy of its written privacy policies and procedures.

## **ITEM 12 – BROKERAGE PRACTICES**

---

Given the nature of the investments held by the Funds, Sagard provides discretionary investment advice to the Funds and transacts through broker-dealers only with respect to a limited subset of investments in the SCP Funds. In these limited situations where Sagard transacts through a broker-dealer, Sagard will consider a broad set of factors when selecting a broker-dealer such as the broker-dealer's execution capabilities, financial stability, ability to maintain confidentiality, pricing and any special circumstances particular to the subject transaction. Although Sagard will seek competitive pricing, Sagard may not necessarily obtain the lowest possible rates for portfolio transactions. Sagard does not have any agreements in place that require Sagard to give any specified amount of brokerage transactions to any broker-dealer.

Sagard does not currently participate in any soft dollar relationships with brokers for research or any other service. Sagard does not consider whether it or a related person receives client referrals from a broker-dealer or a third party when selecting or recommending broker-dealers.

Although the nature of the investments held by the Funds do not generally require the services of a broker-dealer, Sagard may seek to aggregate orders of securities for the accounts of the Funds where practicable.

## **ITEM 13 – REVIEW OF ACCOUNTS**

---

Sagard will review the portfolio investments of each Fund on a regular basis with a view to evaluating, among other things, economic developments, industry outlook and other issues related to the portfolio investments. Each Fund's portfolio investments are reviewed by a team consisting of Sagard's principals and other investment professionals. This team monitors overall performance, portfolio composition, credit events in the underlying portfolios, financial performance and compliance with the investment guidelines of the relevant Funds. Reviews also consider, and may be triggered by, market, legal or regulatory developments.

Subject to the provisions of the Offering Documents, Sagard will typically provide the Investors in the Funds with the following written reports: (i) audited annual financial statements; (ii) quarterly unaudited performance reports; and (iii) annual tax information necessary to complete any applicable tax returns.

In addition to the information typically provided to all Investors, Sagard may in certain circumstances provide certain investors with additional information with respect to a Fund or a portfolio investment or more frequent reports that other Investors will not receive.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

---

Sagard or its affiliates may, from time to time, enter into arrangements with certain persons (such as placement agents and financial advisers) to assist in the capital-raising efforts of a Fund in exchange for a fee. The fee paid, if any, to such persons may be calculated as a percentage of funds raised by such persons, as specifically negotiated between Sagard



and each such person, or a flat fee. These relationships could affect the independence of such person in connection with their recommendations of a Fund.

Sagard has not and does not expect that it will charge placement agent fees to Investors. Placement agent fees will be borne by Sagard.

#### **ITEM 15 – CUSTODY**

---

To the extent required by the Advisers Act and SEC rules and guidance, Sagard maintains applicable client funds with “qualified custodians”.

For those Funds for which Sagard is deemed to have custody of client assets within the meaning of the Advisers Act, such Funds are audited and the Investors in such Funds received audited financial statements within 120 days of the end of each fiscal year. Consequently, such clients (as well as the Investors therein) will not receive reports directly from any qualified custodian.

Investors should carefully review these audited financial statements, and any Investors who have not received audited financial statements timely should contact Sagard immediately.

#### **ITEM 16 – INVESTMENT DISCRETION**

---

The General Partners of each of the Funds have delegated to Sagard investment discretion in managing the investments of the Funds. The terms of these investments as well as the investment strategy and guidelines around the use of this discretion are described in detail in each Fund’s Offering Documents.

Sagard assumes, subject to the direction and control of the General Partner of the Funds, investment discretion and day-to-day operations over the Funds by virtue of the execution of management services agreements with each Fund and as contemplated in the Offering Documents of the Funds. Sagard’s discretion is limited as set out in the Offering Documents of the Funds. In particular, the investment guidelines and objectives of each Fund, which are specifically negotiated between Sagard and each Fund’s respective Investors, place limits on the investments that each Fund can pursue. In addition, each Fund has an investor advisory committee, customary for private funds of a similar nature, which may require notice to or consent from an investor advisory committee for certain investment activities, including investment activities that may cause potential conflicts of interest.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

---

Neither Sagard nor the Funds are engaged in the trading of public securities as a primary investment strategy. Therefore, Sagard is not ordinarily in a position to vote public company proxies. However, Sagard has established written policies and procedures setting forth the principles by which Sagard votes public securities held by the Funds. It is the general policy of Sagard to vote proxies in a manner that serves the best interests of the Funds, as determined by Sagard in its discretion and in accordance with its written policies and procedures.

Sagard recognizes that in certain occurrences there may be a potential conflict of interest in voting public company proxies. Sagard has adopted policies to address these and other issues that could give rise to a conflict, including taking action in accordance with the Offering Documents of the applicable Fund and referring the matter to the CCO. Appropriate documentation to support Sagard's position when voting public company proxies will be maintained by the Fund.

Additional information about Sagard's policies and procedures regarding the principles by which Sagard votes public securities may be obtained upon written request.

#### **ITEM 18 – FINANCIAL INFORMATION**

---

Registered investment advisers are required in this Item to provide certain financial information or disclosures about the registered investment adviser's financial condition. Sagard is unaware of any financial condition reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.